

Algeria	U.S. \$2.00	Canada	1.000 Franc
Argentina	3.000 P	Denmark	200.000 D
Australia	11.500 F	France	200.000 F
Brazil	200.000 R	Germany	200.000 M
Canada	1.000 C	Greece	200.000 D
China	100.000 Y	India	100.000 R
Czech Rep.	200.000 C	Italy	200.000 L
Denmark	200.000 D	Japan	100.000 Y
France	200.000 F	South Korea	100.000 W
Germany	200.000 M	Taiwan	100.000 N
Greece	200.000 D	Thailand	100.000 B
India	100.000 R	USSR	100.000 R
Italy	200.000 L	USA	1.000 D
Japan	100.000 Y	West Germany	200.000 M
South Korea	100.000 W	Yugoslavia	100.000 D
Taiwan	100.000 N		
Thailand	100.000 B		
USSR	100.000 R		
USA	1.000 D		
West Germany	200.000 M		
Yugoslavia	100.000 D		

In Bosnia, Diplomats Say: Peace Is Still Near, So Try Again

By Alan Riding
 New York Times Service
 GENEVA — Despite the breakdown of the latest peace talks on Bosnia-Herzegovina, the three warring parties were apparently so close to agreement that diplomats here were still hopeful Thursday that Muslims, Serbs and Croats would soon try again to end the Bosnian war.

After Bosnian Serbs rejected a peace plan this spring, the immediate result was a surge in fighting between Serbs and Muslims and between Croats and Muslims, with the Muslims for the first time scoring significant successes against the Croats in central Bosnia.

This time, however, while the danger of intensified warfare exists, all three parties have pledged to respect a shaky cease-fire, and, perhaps most significantly, the Serbian Army appears to have no interest in occupying more than the 70 percent of Bosnian territory already in its hands.

Further, although the Muslims were in the end unable to endorse a peace plan drawn up by international mediators Aug. 20, they as well as the Serbs and Croats insist that the plan is

"still on the table" and that they are ready to return to Geneva for more bargaining.

"I would say that it's not a time to be pessimistic," a senior U.S. official said. "There is no reason to despair at this point. Yes, we're disappointed, but we hope the parties will come back as soon as possible to complete this negotiation."

President Bill Clinton said Thursday the North Atlantic Treaty Organization remained ready to launch air strikes against Serb positions if called upon to do so by the United Nations. "If while talks are in abeyance there is abuse by those who would seek to interfere with humanitarian aid — attacking protected areas, resume the sustained shelling of Sarajevo, for example — then first I would remind you that the NATO military option is very much alive," Mr. Clinton said.

But diplomats here discounted any military intervention in Bosnia while an agreement to end the 17-month war was still within reach. All sides have already agreed to partition

Bosnia-Herzegovina into three autonomous republics with a weak central government that would control only foreign policy and trade. They have also agreed to place Sarajevo and Mostar under international administration for a two-year period.

But, while the Serbs and Croats accepted a map prepared by the European Community negotiator, Lord Owen, and the UN envoy, Thorvald Stoltenberg, delineating the borders of the republics, the Muslims returned to the negotiations here this week with demands for additional territory.

The mediators' map would give the Muslims 30 percent of the territory, compared with the 10 percent they now control; the Serbs, who occupy 70 percent, would retain slightly over 52 percent and would be required to pull back from various fronts. The Croats now have 20 percent and would be left with almost 18 percent.

But Alija Izetbegovic, the president of Bosnia's Muslim-dominated government, argued that the plan "rewarded" Serbian aggression and asked for Bosnia to be awarded more land in eastern and northwestern Bosnia as well as

part of Neum on the Adriatic Sea, which would be Bosnia's only port.

During intense talks with the mediators Wednesday, the Serbian leader Radovan Karadzic offered a two-mile-wide corridor — instead of the Muslim-controlled highway proposed under the peace plan — linking the Srebrenica-Zepa enclave and Gorazde. The Croatian leader Mate Boban in turn said the Muslims could buy land in Neum and build their own port.

Diplomats said that President Slobodan Milosevic of Serbia and President Franjo Tudjman of Croatia had pressured Mr. Karadzic and Mr. Boban, respectively, to be flexible. But when no new offers were forthcoming, Mr. Izetbegovic refused to sign the draft agreement.

The question now is, what can the Muslims do to force the Serbs and Croats to meet their demands? A month ago, Mr. Izetbegovic was hopeful that NATO would launch air strikes on Serbian artillery positions threatening Sarajevo, a move that would presumably have bolstered his bargaining position.

But there were no air strikes, and with the Serbs easing the siege of Sarajevo in recent

weeks there may be no immediate justification for such action. "The Serbs will do nothing to give anyone an excuse for air strikes," one UN official said. "They're going to be very careful."

On Thursday, Mr. Karadzic forgot his earlier threats to crush the Muslims if they failed to accept the draft agreement, pledging instead to respect the cease-fire and calling on other nations "not to miss this opportunity for peace."

Unable to change the military balance on their own, the Muslims can only hope to win concessions through diplomatic pressure.

Diplomats said they now expected both Washington and European Community governments to tell Bosnia's Serbs and Croats and Mr. Milosevic and Mr. Tudjman that they will not accept renewed warfare and that they insist on an early political settlement.

In this, they have two potential weapons: the promise that economic sanctions against Serbia will be lifted as soon as a peace accord is implemented in good faith; and the suggestion that an early agreement could protect senior Serbian and Croatian leaders from prosecution before an international war-crimes tribunal.

PLO Hopeful On Pact With Israelis Over Recognition

Peres, Also Optimistic, Says the Palestinians Must Make First Move

By Roger Cohen
 New York Times Service
 TUNIS — Senior Palestinian Liberation Organization officials said Thursday that they were within imminent reach of a mutual recognition agreement with Israel, an agreement on which the future of their embattled leader, Yasser Arafat, now appears to hinge.

The first move, however, is up to the PLO, according to Foreign Minister Shimon Peres. Mr. Peres, speaking in Brussels, said Israel was seeking mutual recognition "as early as possible" and had specified the wording of a recognition.

He said he believed the PLO was waiting to recognize Israel at the same time as it signed a declaration of principles on self-rule in the Gaza Strip and Jericho, which the Israeli cabinet approved earlier this week.

"It could take another two days, it could take another two weeks," he said.

Israel is also ready to adopt a draft peace pact with Jordan, Mr. Peres said, adding that

"it is up to the Jordanians to take out their pen and sign the agreement."

Bassam Abu Sharif, a close aide to Mr. Arafat, said in a brief telephone interview in Tunis that "things are moving ahead quickly toward a recognition accord with Israel, which we expect within days."

He made it clear that he expected U.S. recognition of the PLO to follow soon afterward.

Mr. Arafat traveled Thursday to Morocco to confer with King Hassan II, but he was expected to return to Tunis later in the day and call a meeting of the Central Committee of his El Fatah faction of the PLO, the largest and most moderate single group within the organization. Bolstered by probable backing from El Fatah, Mr. Arafat would then seek approval from the Executive Committee of the PLO, informed officials said.

Although there is much opposition to the plan within the PLO — and one executive committee member, the Palestinian poet Mahmoud Darwish, quit last week — in protest — Western officials in Tunis believe Mr. Arafat retains enough authority to secure at least the tacit support of his organization.

But they said they believed it was now essential for Mr. Arafat to move ahead quickly on mutual recognition and on signing the agreement in principle for Palestinian self-rule.

"Having taken this risk on peace because he saw that his support within the Palestinian movement was fast eroding, Arafat must now produce the goods," said a senior Western diplomat. "There are no reserves of patience if the current momentum disappears."

It will not be easy for Mr. Arafat to assert his authority in the Gaza Strip, where the Tunis leadership of the PLO has long seemed distant

Mafia Finds Land of Plenty In the New Eastern Europe

By Alan Cowell
 New York Times Service
 ROME — Since Europe's ideological division ended, Italian investigators say, the mobsters of the Mafia appear to have gone east to seek new pickings. And the investigators say their prospects seem pretty good.

For one thing, there is Western money flowing, along with an unleashed ardor for getting rich quick, whether from free enterprise or narcotics or prostitution.

There are porous borders from the Caucasus to the Urals, convenient for drug smuggling. And, since the stirrings of democracy have overtaken such secret-police tradecraft as thumbprints and dank dungeons, it is thought there is not too much chance of getting caught by law agencies untutored in the ways of plain old-fashioned crime.

"The presence of Italians pursuing ill-defined businesses" in Bulgaria, Romania, Hungary, Czechoslovakia and Russia "has certainly alarmed the intelligence and law-enforcement agencies of our country," said Luigi Rossi, a senior police investigator.

In particular, he said, "the current events in Yugoslavia, which aren't exactly peaceful, and in other countries of the East enable organized crime to recycle illicitly earned funds without too many risks."

With the Italian authorities recording unusual successes against the mob in Italy, the spreading tentacles of "the octopus" — as the Mafia is often called here — might have seemed a sign of weakness, since much of the traditional strength of organized crime lies in its ability to operate with impunity on its home turf.

Yet, after a season of bombs in Florence, Milan and Rome, Italian investigators are voic-

ing worries that activities of the Mafia in Eastern Europe, sometimes in partnership and sometimes in competition with local crime syndicates, present a new challenge.

One magistrate in Florence, Piero Luigi Vigna, has even voiced fears that the mob may be trying to go nuclear.

"There is a very real possibility," he told a recent conference, "that the Mafia and organized crime in general could come into possession of chemical, nuclear and biological weapons."

Since late last year, investigators have grown increasingly concerned that the end of the Cold War has given the Mafia access to new weapons to bolster its traditional trade in gunrunning.

In November 1992 near Rimini, police officers unearthed a cache of weapons from Eastern Europe that included anti-tank rocket launchers and were said to be destined for the Mafia.

In January, scores of surface-to-surface missiles were found aboard a freighter in the southern Italian port of Taranto, bound for the former Yugoslavia. In February in Trieste, another freighter was impounded after it was found to be carrying explosives and other weapons from the former Yugoslavia.

A smaller cache, including the potent Czech-made explosive Semtex, was unearthed in Sicily, the mob's heartland, in April.

Over the last year, according to Interior Minister Nicola Mancino, Italian authorities have discovered 400 undefined "weapons of war," 238 bombs and missiles and 1.3 tons of explosives.

"After 1991, we could get everything we wanted, particularly explosives," one informer, Salvatore Amaccondia, was said to have told

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Yasser Arafat leaving Tunis for Rabat, Morocco, where he held discussions with King Hassan II on the self-rule pact with Israel.

Kiosk

Key Figure in Loans To Iraq Pleads Guilty

WASHINGTON (Reuters) — Christopher Drogoul, a key figure in the case of illegal loans to Iraq made by the Atlanta branch of Italy's Banca Nazionale del Lavoro, pleaded guilty Thursday to two charges of making false statements to the Federal Reserve Board and to one count of wire fraud.

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Dow Jones	Trib Index
Down 19.00	Down 0.17%
3,826.10	108.70

The Dollar	Thurs. close	previous close
New York	1.645	1.659
DM	1.5025	1.5045
Yen	105.885	105.35
FF	5.7885	5.83

Vatican Sends Envoy to China

ROME — Hoping for a thaw in its chilly ties with China, the Vatican sent a senior diplomat, Cardinal Roger Etchegaray, to a sporting event Thursday that begins this weekend in Beijing. He is the highest ranking Roman Catholic Church official to visit China since the Communists took over in 1949.

The invitation came from the organizers of China's National Athletic Games, the Vatican said. It added, however, that Cardinal Etchegaray, 70, a French prelate and senior member of the Vatican's Congregation for the Oriental Churches, would also meet in Beijing with "government personalities."

The visit evoked for many here China's invitation to an American table tennis team that accompanied the thaw in Chinese-American relations leading to President Richard Nixon's visit in 1972.

It comes amid signs that both Beijing and Catholic church leaders are seeking to renew a relationship that has essentially been frozen since the Communist leadership founded the state-controlled Chinese Patriotic Catholic Association in the 1950s, and ordered Chinese citizens faithful to Catholicism to renounce papal and Vatican authority.

Embattled Thai Commuters Win Round

By Michael Richardson
 International Herald Tribune
 In Bangkok, a city of legendary traffic jams, Thai transit authorities used a court order Thursday to force the opening of a new expressway that had been closed for five months by a dispute over the collection of tolls.

To win the court decree, officials cited the risk of an uprising by furious motorists.

The action followed an unusual personal appeal by Queen Sirikit, who asked in a birthday message last month for something to end the gridlock. She said it was putting her subjects in a bad mood and threatening the capital's reputation as the "City of Angels."

"Bangkok is becoming desperate," the queen warned.

Then, on top of the normal traffic congestion, flooding from heavy rains brought the city of 8 million to a virtual standstill, prompting angry public denunciations of the government's apparent inability to ease the situation.

"Everyone's tempers are short," said Kenneth L. White, managing director of Pacific Siam Strategic Consultancy in Bangkok. He said that traffic congestion was "becoming more and more of a frustration in daily life, and any attempt to alleviate that is something compelling for a democratically elected government."

Hundreds of thousands of residents of the city's outer suburbs, faced with two-way commutes totaling six hours and more, have not made it home before midnight.

Many children have to get up by 4 A.M. to make their first class at 7:30 A.M., a schedule

adopted by public schools in Bangkok just two months ago in the vain hope that it might help to spread out the traffic.

In further evidence of commuter impatience, hundreds of drivers barged onto the disputed expressway Thursday before the official opening ceremony ended.

The 21-kilometer (13-mile) section of elevated expressway was built at a cost of \$800 million by a Japanese-led consortium. On Tuesday, the Expressway and Rapid Transit Authority won a surprise court order requiring the consortium to open the road or turn it over to the government.

The transit authority's decision showed how the mounting commuter frustrations had been

See BANGKOK, Page 4

EC Vows Funds For PLO, More Trade for Israel

By Tom Buerkle
 International Herald Tribune
 BRUSSELS — The European Community threw its support behind the new Middle East peace plan on Thursday, pledging aid to help the Palestinians achieve self-rule and deeper trade ties with Israel.

Jacques Delors, the president of the EC Commission, said the Community had a big role to play because of its own experience in building a durable European peace after World War II through closer trade links.

After a meeting here with Israel's foreign minister, Shimon Peres, Mr. Delors said he had not offered any specific amount of aid but would urge EC foreign ministers to give a "full commitment" to support the peace plan at a meeting later this month.

Although no figures were mentioned, Mr. Peres said he had received a "very positive reaction" to his request for aid to the occupied territories and closer trade ties between Israel and Europe. "The construction of the new Middle East should be a joint venture between the United States and the European Community," he said.

The European Community has been the biggest Western donor to the Palestinians, providing aid of about 270 million European currency units (\$235 million) over the past five years, officials said. Hans van den Broek, the EC commissioner for foreign affairs, said he would draw up a proposal next week to "intensify and accelerate" existing aid programs.

The Community has been pressed by its own members to step up aid to the Palestinians. On Wednesday, the French government urged its EC partners to come forward with support and Denmark joined with its Scandinavian neighbors to pledge \$250 million over five years.

The Community's immediate priority will be to provide money and technical assistance to help turn the PLO from a liberation movement to an effective provider of government services in the Gaza Strip and Jericho, Mr. Delors said. This will require management training as well as aid for education and health care, he said.

The United States has proposed an early empowerment fund to get a Palestinian governing body up and running, Mr. Delors said.

See EC, Page 5



A DAY FOR PEACE — A black student shaking hands with a white policeman in Cape Town, where university students staged a march to the residence of President Frederik W. de Klerk as part of a nationwide demonstration against growing violence.

Marine Drill Sergeant '93: Tough but User-Friendly

By Peter Applebome
 New York Times Service
 PARRIS ISLAND, South Carolina — Not long ago, Staff Sergeant Glenn Hill rented a video of "A Few Good Men" for the 69 men he supervises at boot camp on this storied marsh island, where for 78 years young recruits have come in raw and scared and gone out Marines.

"I loved that movie, I really did," said Sergeant Hill, the senior drill instructor in charge of First Battalion, Delta Company, Platoon 1069 here. "And I know guys like the Jack Nicholson character. But we're not all like that. You have guys who are willing to sit down and listen, and the ones that will sit down and listen can get a lot more accomplished than the ones who say it's my way or no way."

Come again?

Make no mistake, Sergeant Hill is the real thing. He has been a Marine since he enlisted after high school in 1980. A 30-year-old former wrestler and football player, he stands 6 feet 2 inches, weighs 200 pounds (1.88 meters and 91 kilograms) and strides with authentic Marine Corps swagger. In his fatigues, with his green

campaign rover hat fastened around the back of his head, his jaw thrust out and eyes as hard as darts, he looks like something out of a recruiting poster as he barks out orders ("When I say 'Get down,' get down. Some of you move like you have hemorrhoids").

Sergeant Hill was undoubtedly selected by his superiors as a good interview subject because he puts a user-friendly face on the Marines. But Parris Island has gone from an all-male, closed-to-the-public, macho preserve where the drill instructor's word was absolute, to a coeducational place where the public can now buy T-shirts and watch recruits train, and where recruits at orientation are told to report any incident they consider abusive.

It's still Parris Island, but these days it may be Parris Island Lite.

The oldest of eight children who grew up in Petersburg, Virginia, Sergeant Hill joined the Marines after a boyhood buddy suggested it. In 1986, he signed up for the bruising training program here that turns out about 290 drill instructors a year. They holler, prod, coax

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سكوا من الاصل

STATESIDE / HEALTH-CARE DECISIONS

Clinton Envisions Full Coverage by '98 And No Price Curbs

By Dana Priest
Washington Post Service
WASHINGTON — President Bill Clinton has set a deadline of 1998 for putting his health care plan fully into effect and has retreated from the idea of short-term price controls, even voluntary ones, in the health industry in the meantime, according to White House officials.

That means that, under the administration's proposal, all citizens and legal residents of the United States would have health insurance by the end of 1997.

While most of the costs of that "universal coverage" would be borne by employers and employees, the president is working on details of a plan to help low-wage workers at small companies pay for their health coverage. That provision could cost the federal government as much as \$70 billion a year. Aides say most of the money could come from redirecting funds in existing federal and state health programs.

Those and other key decisions were made in the first of three scheduled high-level meetings with the president, cabinet members and top health advisers. Those meetings will determine the final shape of the plan Mr. Clinton will present to a joint session of Congress this month.

The plan, which will offer hundreds of changes in the way the nation's patchwork health care system operates, will be debated and voted upon in Congress, where there is no clear consensus on either the degree of the health care problem or how to solve it.

Already the outlines of the administration's plan, much of which has been made public over the last several months, have been crit-

cized in some quarters as too ambitious and expensive and in others as too modest. Nonetheless, several large interest groups — including organized labor, senior citizens, many private business coalitions and health insurers and physicians — support many of the structural elements of the plan.

The major decisions Mr. Clinton has made include these:

• The administration will drop the idea of mandatory short-term price controls on the industry and will not advocate voluntary price controls backed by a federal enforcement mechanism. Instead, Mr. Clinton will urge the industry to restrain inflation voluntarily, as some segments of it have done in the last year, and will propose some type of government monitoring "to prevent profiteering," as one adviser put it, between now and 1995, when the plan would begin to go into effect.

• The only general tax proposed by the administration in connection with the plan will be a "sin tax" on cigarettes and, probably, on liquor; it will forgo any tax on beer and wine. Mr. Clinton is leaning toward a new tax on cigarettes of 50 cents to 75 cents a pack, aides said. Advisers have laid out revenue scenarios that go as high as \$2.4 billion.

White House aides said the president intends to complete his package by Friday and to begin a round of consultations with Congress and interest groups next week. Aides left open the possibility that Mr. Clinton would modify his proposal after hearing from these groups.

"He's taking a very different approach than what he did on the budget," an administration official said.



WATER BIKING — A boy in Cape Hatteras, North Carolina, riding by mobile homes wrecked by the hurricane designated Emily. Cleanup was continuing in the Outer Banks, which took most of the damage although the storm struck only a glancing blow to the islands before veering out to sea. The eye of the storm, circled by winds up to 115 mph, got no closer to Cape Hatteras than 20 miles.

Passenger Group Grades Airline Safety

WASHINGTON — The world's safest airlines are American Airlines, British Airways, Delta Air Lines, Lufthansa, Scandinavian Airlines System and Southwest Airlines, according to a newsletter published by the International Airline Passengers Association.

In its first issue, Travel Safety Alert warned IAPA's 110,000 members that India and Colombia are two of the world's most dangerous countries for air travel because they have unsafe airports, poor infrastructure and questionable pilot training. Their rates of fatal accidents is 10 times higher than the world average, the newsletter said.

"If North American and European carriers had the same 10-year accident rate as Colombia and India, there would have been one fatal crash every 12 days in North America and one each month in Europe," the newsletter said.

All six of the major airlines cited had recorded at least 2 million flights in the last 10 years, had less than one accident for every 2.5 million flights and less than one fatality for every 4 million passengers. All airlines cited for safety in the report had an average fleet age of less than 12 years.

Continental Airlines, Japan Air Systems,

Northwest Airlines, United Airlines, Trans World Airlines, and USAir were rated "very good, recommended," all having had less than one accident per 2 million flights.

American Airlines led the list because "every flight sets another world record for most flights without a [fatal] accident, now over 9 million," the association said. "No other airline is, nor ever has been, close to this record."

British Airways was cited for having only one accident in its last 3 million flights, while Delta had only one accident in 4 million flights.

Germany's Lufthansa was noted for having only one fatality per 20 million passengers. SAS has been accident-free for more than 24 years, the report said, while Southwest has never had an accident on 3.6 million flights in more than 17 years in operation.

Midsize carriers receiving high marks were All Nippon Airways, America West, Ansett Australia, Canadian Airlines International and Saudia.

The midsize carriers singled out all had between 1 million and 2 million flights over the last 10 years and no accidents.

All Nippon of Japan was cited for carrying twice as many passengers as any other airline in the category and having had no accidents in the

last 22 years. America West has the youngest fleet in the group and has had no fatalities in its 10-year history, the association said.

Ansett Australia hasn't had an accident during the 25 years since it was formed by the merger of three companies, the newsletter said.

Canadian Airlines International's only accident with more than one fatality over the last quarter-century was 15 years ago. Sandia, Saudi Arabia's national flag carrier, is the largest non-Western airline to make the list. Its last accident was more than 12 years ago.

Medium-to-small airlines who stood out were Alaska Airlines, Finnair, KLM Royal Dutch Airlines, Malaysian Airlines System and Swissair.

These airlines have recorded 600,000 to 1 million flights over the last 10 years and have had no accidents.

Alaska had one fatality in an accident 17 years ago while Finnair was cited for having no jet crashes ever. Finnair's last crash was 30 years ago, when a prop-driven DC-3 went down, IAPA said. KLM was cited for having no accidents in 16 years. Malaysian Airlines has not had an accident in 15 years. Swissair had the youngest fleet in its group, the report said.

POLITICAL NOTES

Bush Aides Accused of Iran-Contra Cover-Up

WASHINGTON — The special prosecutor in the Iran-contra scandal has accused two aides to then-Vice President George Bush of "acts of concealment" to cover up White House links to secret arms shipments to Central America, according to sources familiar with the prosecutor's final report.

In his coming report, the prosecutor, Lawrence E. Walsh, says that two Bush aides, Donald P. Gregg and Samuel J. Watson, knew that the White House was involved in secret weapons shipments to Nicaraguan rebels. But when government spokesmen denied the link, Mr. Gregg and Mr. Watson remained silent and allowed the attempted deception to go forward, the report says.

The secret arms shipments to the rebels, known as contras, were directed by a White House aide, Colonel Oliver L. North, although Congress had prohibited any U.S. assistance to the rebels.

The Bush aides' knowledge of the secret shipments to the contras was reported as early as 1986. But Mr. Walsh's charge that Mr. Gregg and Mr. Watson had acted deliberately to conceal the White House role is new. Mr. Walsh, Mr. Gregg and Mr. Watson all refused to comment. (LAT)

Justice Ginsburg Votes to Delay an Execution

WASHINGTON — In her first action on a death-penalty case since joining the Supreme Court, Justice Ruth Bader Ginsburg voted to delay a Texas murderer's execution.

She was in the minority, with Justices Harry A. Blackmun and John Paul Stevens, to allow Johnny James to make his case. Mr. James, 39, was scheduled to die early Friday by lethal injection. A majority of the justices voted not to postpone the execution or to order a review of the case that has been in the courts since Mr. James was convicted in 1986 for killing a woman he had abducted from a tavern about 30 miles east of Houston.

Whether Justice Ginsburg believes that the death penalty is constitutional is still not publicly known. During her confirmation hearings in July she said her mind was open to the argument that capital punishment might conflict with the Eighth Amendment guarantee against cruel and unusual punishment. (WP)

Gore Panel to Urge Partnership With Unions

WASHINGTON — Vice President Al Gore's National Performance Review will recommend that the government change its adversarial relationship with federal employees unions and end a 30-year history of tense, sometimes bitter, labor-management relations by treating the unions as a partner, according to a draft report.

Under the draft plan for the "reinventing government" initiative, President Bill Clinton will issue an executive order creating a National Partnership Council to propose a framework for a new era of labor-management relations.

The council "will propose the statutory changes needed to make labor-management partnership a reality," the draft report says, noting that the council will stress "joint problem-solving approaches for managers, supervisors and union officials."

Robert M. Tobias, president of the National Treasury Employees Union, said, "It's the first time an administration has accepted the fact that unions have a role to play in the creation of personnel policies and practices and in helping to create a more efficient and effective government." (WP)

Quote / Unquote

Labor Secretary Robert B. Reich, in defense of the North American Free Trade Agreement: "Great change demands great flexibility — the capacity to adapt quickly and continuously, to change jobs, change directions, gain new skills. But the sad irony is that massive change on the scale we are now facing may be inviting the opposite reaction: a politics of preservation, grounded in fear." (WP)

Away From Politics

• NASA is looking at sending another space probe to Mars even as its experts continue to puzzle over the disappearance of the \$1 billion Mars Observer. The new mission, if there is one, would be at far lower cost and may involve other nations as well, the National Aeronautics and Space Administration said.

• Only 16 percent of fourth-graders, 8 percent of eighth-graders and 9 percent of high school seniors correctly answered mathematics questions requiring problem-solving skills, the Department of Education says in a report on tests given in 1992 to nearly 250,000 students at 10,000 schools in all 50 states.

• An officer acquitted in two trials arising from the videotaped beating of Rodney J. King appealed to the Los Angeles Police Department to reinstate him and restore his reputation. "In 2½ years, no one has found Ted Briseno guilty of anything," his attorney, Greg Peterson, said in asking a panel of three police captains to give Officer Theodore J. Briseno his job back.

• A respirator exploded at a medical center in New York, killing three patients and injuring 15, the fire department said. A department official said hospital engineers at Maimonides Medical Center in Brooklyn had been working on the machine several hours before the explosion because nurses and other workers had complained that it was giving off electrical shocks. (AP, WP, NYT)

Asbestos Threat Delays N.Y. Schools' Opening

By Steven Lee Myers
New York Times Service

NEW YORK — Classes for New York City's one million pupils will not begin on Thursday as scheduled because of the fears of asbestos in schools.

Officials said they had not yet decided when schools would be able to open, but that it would probably be no sooner than Sept. 20 and possibly as late as Sept. 27.

At City Hall and the Board of Education, officials said a final determination would come after officials from the agencies heading the emergency asbestos inspection gather at a specially convened meeting to reconsider the results and the progress of the tests.

"We're not throwing doubts around," said one city official who spoke on condition of anonymity, "but school will not open on the ninth."

thority, the agency heading the emergency inspection, identified five more schools Wednesday with "moderate" levels of exposed asbestos that would require more extensive repairs. Until now, most of the nearly 100 schools identified as having exposed asbestos had only small amounts that could be cleaned quickly and easily.

"The mountain was a lot higher than we ever envisioned," said a spokesman, Jacques DeGraft.

A delay in the start of school — the day around which jobs and vacations are planned — would disrupt the lives of hundreds of thousands of parents, teachers and other workers. And in the fall of an election year, it could politically undercut Mayor David N. Dinkins, the Board of Education and its new chancellor, Ramon C. Cortines.

Mr. Dinkins ordered the re-inspection of each of the city's 1,069 schools for asbestos on Aug. 6 after two independent investigators announced that the Board of Education's federally mandated asbestos testing program has been grossly mismanaged, incompetent and possibly fraudulent. He vowed to open no school until it had been declared free of asbestos.

U.S. Bans Lagos Flights, Citing Security

By Kenneth B. Noble
New York Times Service

LAGOS — The international airport here has long been maligned as among the world's most uncomfortable, poorly maintained and possibly unsafe places for air travelers. Many of these suspicions were confirmed last month when Washington banned all flights between Lagos and the United States, citing chronic security lapses.

The Federal Aviation Administration said it was taking the action after a yearlong investigation of security measures in Lagos, with 1.1 million people the biggest city in Africa's most populous country.

The decision affects Nigeria Air-

ways, the state-owned carrier, which has four direct flights scheduled weekly between Lagos and the United States, and American Trans Air, the one U.S. carrier with regularly scheduled service here.

The aviation agency, which routinely monitors security at airports around the world by agreement with foreign governments, has occasionally issued written warnings to travelers of lax security. Among them were at Buenos Aires in 1991, Lima in 1990 and Manila in 1986. Each time, with advice from the agency's security experts, the foreign airports corrected the problem in a matter of months.

But the agency's warnings on security at Murtala Muhammed International Airport here were more explicit than the others. Beginning in October, signs were posted at international airports in the United States telling travelers that the Lagos airport failed to meet minimum security requirements.

Many Nigerians have long voiced similar doubts. Until recently, hand baggage was usually given only a cursory screening by security workers because the X-ray machines were broken much of the time. What's more, many passengers say, customs and immigration officials routinely demand bribes before letting travelers go to the boarding gate.

In announcing the U.S. ban, the aviation agency said it would not discuss specific security deficiencies because of regulations. The American decision stunned officials here, especially since it came at a time of increasingly strained relations between the two countries after the Nigerian military authorities nullified the results of the June presidential election.

The Bolivia Connection: Arms for Balkan Warriors

By Nathaniel C. Nash
New York Times Service

LA PAZ — When documents from Bolivia ordering eight Russian T-72 tanks crossed the desk of the Foreign Ministry last fall in Moscow, the request seemed somewhat out of line.

This landlocked Andean nation is not in a war, it has only a few outdated tanks, its military needs are mainly in the area of light equipment and helicopters to fight drug traffickers, and it has an annual military budget of about \$120 million. The eight Russian tanks would have cost more than \$200 million.

After the Russian Foreign Ministry requested documentation to complete the deal, it soon became evident that the order had not come from the Bolivian government.

It was part of a series of false orders by arms traffickers who have been using the name of Bolivia over the last two years to buy weapons for Croatia and other former Yugoslav republics in an effort to circumvent the UN arms embargo.

The Bolivia order is not an isolated case. Over the last two years, Latin America has become a favored port of call for arms merchants hoping to dupe weapons manufacturers into shipping military equipment that is then diverted to Croatia, Serbia, or Bosnia.

Early last year, Chile's army was rocked by scandal when it was found that the state arms company, FAMAE, tried to send 11 tons of small arms to Croatia. Though the shipment was worth only about \$200,000, planned shipments totaled more than \$6 million.

Panama confirmed in August that arms traffickers had tried to ship \$21 million of machine guns, pistols, and ammunition to Bosnia from Czechoslovakia and Austria, using false papers with Panama as the destination. Panama disbanded its army in 1989.

Bolivia's prosecutors are looking into bogus transactions totaling almost \$300 million, in which dealers have tried — at times successfully — to buy weapons from manufacturers in Portugal, Bulgaria, Russia, and Austria.

Still to be investigated, military experts say, are shipments of Chinese arms to Bolivia that were rerouted to former Yugoslav republics.

"Bolivia has been particularly used as a conduit for Chinese arms," said Rosendo Fraga, a military analyst in Buenos Aires who tracks the international weapons trade. "This is one of the common triangular relationships set up — China to Bolivia and then to the former Yugoslavia."

The repercussions of the illegal arms sales also may taint at least one of Bolivia's major political parties. The country's chief prosecutor, Milton Novillo, announced recently that officials of the Revolutionary Leftist Movement, the party of former President Jaime Paz Zamora, were likely to be implicated in the trafficking scheme.

Personal recommendations from party officials to give diplomatic passports to three suspected arms traffickers were passed to the Bolivian Embassy in Vienna last year, Mr. Novillo said. Among those

signing the documents, he added, was Carmen Pereira, chief financial officer of the party and a close friend of Mr. Paz Zamora.

"This is a very serious thing that once we get the new government going we will look into," said Gonzalo Sanchez de Lozada, Bolivia's new president, who took office on Aug. 6.

Though details of how the arms network operated are sketchy, it is clear that the preferred way of ordering light and heavy weapons for Croatia was to submit false orders from the Bolivian Defense Ministry, using authentic Bolivian documents but signatures of nonexistent military officers. The money backing the deals was very real.

Those supplying the documentation reportedly got a 10 percent commission.

So far, the Bolivian police have jailed four employees of the Paz Zamora Foreign Ministry, including Jorge Quiroga, a senior official who is accused of signing a number of false passports.

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سكوا من الأصل

BANGKOK: Expressway Open

Continued from Page 1
come a major political issue for the government of Prime Minister Chuan Leekpai.

His coalition, which has been beset by bickering, arose from elections held a year ago after street demonstrations in May 1992, which were violently suppressed by troops, led to the overthrow of a government backed by the military.

The disputed expressway is 60 percent owned by Kumagai Gumi Co., a Japanese construction giant. Other members of the consortium, known as the Bangkok Expressway Co. Ltd., include the Asian Development Bank and a number of Thai banks and companies.

Takao Ninomiya, Bangkok Expressway's managing director, argued that the authority's decision to go to court amounts to "nationalization" of private ventures and that Thailand would lose the trust of foreign investors.

Sukavich Rangsitpol, governor of the authority, retorted that the country's image was being hurt more by its traffic problems than by contractual conflicts.

Businessmen complain about lost man-hours and higher transport costs as a result of the congestion. Foreign tourists are deterred from visiting Bangkok because of its wall-to-wall traffic and bad air pollution.

Mr. Sukavich said that the authority had sought the intervention of the court following reports that motorists, resentful at being stuck in jams for hours while the completed expressway was unused, might resort to violence unless it was immediately opened.

He said that Bangkok Expressway had no reason to continue to block the highway opening because the government last month reversed an earlier decision and reinstated the toll of 30 baht (\$1.20) that had originally been agreed to.

However, the company and the authority still disagree over how the toll will be collected and revenue shared. The issue is to go to arbitration.

Bangkok's traffic jams have gotten steadily worse as rapid economic growth and industrialization bring hundreds of new vehicles onto the streets each day and draw a growing army of poor stragglers from the countryside to the capital looking for work.



PRO-AID RALLY — Somali women in Mogadishu chanting Thursday at a rally in support of General Mohammed Farrah Aidid. U.S. forces have been searching for the warlord, whom the UN holds responsible for the deaths of UN troops.

MAFIA: Coveting Land of Plenty

Continued from Page 1
investigators this year. "We could have gotten makes if we'd wanted them."

Just as disconcerting for the authorities here is the suspicion that Italy's proximity to the former Yugoslavia has made it an attractive base for gunrunners other than the Mafia.

The penetration of Eastern Europe by Italy's organized-crime gangs — the Sicilian Mafia, the Neapolitan Camorra and the Cal-

China Seeks 'Dialogue' On Trade Sanctions

By Lena H. Sun

Washington Post Service
BEIJING — China said Thursday that a partial inspection of a Chinese cargo vessel in the Gulf had turned up some of the chemical weapons that the United States has accused China of shipping to Iran.

A spokesman for the Foreign Ministry, Wu Jianmin, said the entire Iran-bound cargo of the ship, the Yinhe, had been inspected. Although he declined to say what had been found, he said the inspection had shown that the ship was not carrying "any of the two chemicals of thiodiethyl and thiodiethyl chloride." This proved that "the repeated statements made by the Chinese side were true," the official New China News agency quoted him as saying.

[In Washington, the State Department spokesman, Mike McCurry, said no chemical weapons ingredients had been found thus far but that the inspection had not been completed, the Associated Press reported.]

The United States and China for several weeks have been moving toward a showdown over the contents of the Chinese ship, Washington, which has followed the vessel with U.S. warships and aircraft, says the Yinhe is carrying the two chemicals for export to Iran. Thiodiethyl is a basic ingredient of mustard gas, and thiodiethyl chloride can be used to make nerve gas.

China has denounced these accusations as "utterly unjustifiable bullying." It says the Iran-bound cargo consists of machinery, metals and machine parts.

The dispute is fueling tension between the two nations on one of the sorest points in their relationship: China's sales of weapons. Washington has imposed economic sanctions on Beijing for what it says were sales of missile technology to Pakistan that violated China's pledges on nonproliferation. China denies the charge but has threatened to stop complying with a major arms-control agreement.

The Yinhe controversy seems certain to worsen the situation, so much so that the results of its inspection are. The ship entered the Gulf region on a course for Dubai

Beijing Says Inspection Clears Its Cargo Ship Bound for Iran

By Lena H. Sun

Washington Post Service
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In Japan, A Lobby Reconsiders

By Lena H. Sun

Agence France-Press
TOKYO — Japan's most powerful business lobby announced Thursday that starting next year it would end its practice of making donations to political parties — gifts amounting to about 1.4 billion yen, or \$133 million, a year.

The decision was made in the face of mounting public criticism, said Gaiishi Hirose, chairman of the Federation of Economic Organizations. He said that within the next five years the organization would also try to stop all donations, its members provide directly to individual politicians.

Most of the organization-brokered donations have been funneled to the former governing party, the Liberal Democrats, which is seen as the party most sympathetic to big business.

The party's political dominance had seemed unshakable until July 18 when it lost its 38-year-old grip on power in a general election to a coalition of parties, following a series of scandals involving corporate bribes.

The military chief of staff, Gen. Kashiwa, is recovering from cranial surgery, his physician said Thursday in Taipei. The surgeon, Chang Hsueh-ling, is 92, but is still popularly referred to as "the young marshal." He apparently bumped his head and suffered from internal bleeding. Shortly after an operation to remove the blood, he was able to walk, his doctor said. General Chang had resigned in 1982 as the Chinese Communist leader, and released him only when Chiang agreed to negotiate with the Chinese Communists about ending their civil war and forming a united front against the Japanese invaders.

Arthur Higbee

ASIAN TOPICS

Finding Your Way In Little Old Tokyo

Ultramodern Tokyo has an antiquated and chaotic street numbering system that, some residents joke, is utterly logical. Conventions ago, the first building in a neighborhood was numbered 1. The second, now perhaps blocks away, was numbered 2. And so on.

Today, house number 8 can be next door to house number 137. Even veteran taxi drivers get lost. To modernize the system would be prohibitively expensive. So offices, restaurants, stores and ordinary householders cope by handing out maps to expected visitors,

or sending maps by fax. People taking a taxi hand a map of their destination to the driver, who studies it for long moments before nodding "yes" and putting the cab in gear.

Some say the chaos is a charming relic of the capital's origins as a collection of villages, a confusion compounded from the haphazard way the city was rebuilt, first after it was largely destroyed by a colossal earthquake and fire in 1923 and again by firebombing during World War II.

This chaos holds no charm for Ernie Higa, who runs (122) Domino's Pizza franchises in Japan. Domino's, with its 30-minute guaranteed delivery, copes by posting enlarged maps of each shop's delivery area. Each area is limited to how far a motorbike can go in seven minutes during rush hour.

Says Mr. Higa, "Tokyo is supposed to be one of the most sophisticated cities in the world, but you have to find your way by gut feeling."

around Asia

In the latest effort to save the Taj Mahal from air pollution damage, the Supreme Court of India has ordered 212 of the most heavily polluting factories in the 3-million population city of Agra to close and an additional 500 to install pollution control equipment. The decree has been greeted by conservationists as at least a partial measure to protect the white marble, Persian-Mughal monument, completed in 1632. But the order has been bitterly criticized by factory owners, who say most of the pollution comes from the huge oil refinery at Mathura, 60 kilometers (36 miles) from Agra. The order does not affect the refinery. Steps already taken include the shutdown of two coal-fired power stations and

the substitution of diesel for steam on the local railway.

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MIDEAST TALKS / DREAMS OF A NEW ERA

For Israelis, Security Remains Key Factor for Durable Peace

By Clyde Haberman
New York Times Service

JERUSALEM — Few words are more important in the average Israeli's vocabulary than "security," and so for many people here the ultimate test of the self-rule agreement tentatively reached with the Palestinians will be whether the occupied territories stay quiet or turn into Dodge City.

Alarm bells sounded in some quarters this week when top army commanders, saying they had not been consulted in advance on the draft accord, cautioned that it would become more difficult to combat Palestinian violence.

An ambush shooting that killed an Israeli soldier on motor patrol Thursday near the West Bank city of Hebron served to underline the point that deals signed by diplomats, no matter what hopes for peace they may whisper, are not suddenly going to stop all the bullets.

No group took responsibility for the attack, in which Sergeant Zion Alkobi died and another soldier was wounded when their vehicle overturned.

"The anti-terrorism war will be extremely hard," the deputy chief of staff, Major General Amnon Shahak, was quoted as telling a closed-door parliamentary hearing on Tuesday. His superior, Lieutenant General Ehud Barak, who is also a close confidant of Prime Minister Yitzhak Rabin, reportedly also has reservations, although there is no public suggestion that he thinks Israel is making a mistake.

"The situation today is a comfortable situation for us," General Shahak said on the army radio. But that will change, he added, when Palestinian self-rule begins as a pilot project in the Gaza Strip and West Bank city of Jericho.

"In various senses, if terror continues, the fight against terror to insure Israel's peace will be a complicated, complex, difficult assignment to carry out."

Government officials insist that the generals are not saying any-

thing that Mr. Rabin, himself a former chief of staff, did not already intuit. But he weighed the risks against the possible advantages, they say, and in the end concluded that Israel could take care of itself.

"The IDF will always be there," he said the other day, using the initials for the army's formal name, the Israel Defense Forces.

Despite the prime minister's assurances, questions remain about what the agreement with the Palestinians will mean for the future safety of Israelis in the territories, both settlers and others, such as the many people who drive through Jericho as they travel the main north-south road in the Jordan Valley.

The accord says that Israeli forces will be withdrawn from populated areas and will remain responsible for "overall security of Israelis" and for "defending against external threats." To protect Palestinians' security, "a strong police force" will be created. But it is not clear exactly what

the Palestinians force will look like, or how far the Israeli Army will pull back, or what kind of coordination, if any, there will be between the police and army units that may still be posted at the peripheries of cities, towns and refugee camps.

Moreover, nothing is said explicitly about the army controlling major roads, including those used routinely by the roughly 130,000 Jewish settlers in the territories.

"It's obvious that it's not possible to put a soldier at every point," General Shahak reportedly told lawmakers. "I don't know how we assure safety to those traveling around if the IDF is not on the roads."

Then there are questions about what happens if, say, a Palestinian stabs an Israeli to death in south Tel Aviv and then flees to a refugee camp in Gaza. May the Israelis chase him there, or is it off-limits to them? If they may give chase and then catch him, whose responsibility is he: the military's or the local Palestinian police force?



Prime Minister Yitzhak Rabin, left, greeting supporters of his Middle East plan in Tel Aviv on Thursday.

Arab Talks Requested By Jordan

Reuters

AMMAN, Jordan — King Hussein has called for an Arab summit meeting to discuss a PLO-Israeli deal on Palestinian self-rule in the occupied territories, saying Jordan opposes any accord made behind its back.

But the king, one of the key players in the U.S.-brokered Middle East peace process, said that he would not stand in the way of the deal even though it remained unclear whether it would achieve Palestinian objectives.

"The Arab nation is going through a dangerous phase and the Arab future is threatened," the king said in a television interview broadcast Thursday.

"This requires an Arab meeting," he said.

And he told the Lebanese publisher and journalist Ghassan Tawini in a separate interview, "We in Jordan do not accept the imposition of any agreement imposed on us that we are not a party to."

In uncharacteristically blunt extracts released by the official Jordan News Agency late on Wednesday, the monarch criticized the Palestinians, who have attended the peace talks under Jordan's wing, for failing to consult Amman on the deal with Israel.

But he said in the full interview that he would not block the agreement.

"We are not against the Palestinian-Israeli agreement," he said. "We support the Palestinian decision and I would go further and praise the Palestinian courage in taking this decision and blessing what serves the Palestinian interest."

Jordanian officials said Thursday that they had no idea how soon an Arab summit meeting could take place. Palestinian sources said that King Hussein had enlisted the support of President Hafez Assad of Syria when the two leaders met Tuesday.

In Gaza Strip, a Faint Hope of Some Kind of Peace Soon

By Joel Greenberg
New York Times Service

JABALIYA, Israeli-Occupied Gaza Strip — Nearly every day since the start of the Palestinian uprising six years ago, Ali Aileh has watched from behind the counter of his drugstore as youths from this bleak refugee district fought street battles with Israeli troops outside.

This week he allowed himself a tentative hope that the grim ritual might finally end and that the Israeli Army base down the road and its imposing guard tower would soon be dismantled.

Israeli forces are to withdraw from Jabaliya and other occupied areas in the Gaza Strip six months after a draft agreement on Palestinian self-government goes into effect here and in Jericho.

"I've seen many people killed, shooting and clashes, but peace would provide

a much better view," Mr. Aileh said, gazing out of his store. "We should have our own parcel of land to live on. I hope it will be a new era and a better life."

There are many Palestinians here like him who are suddenly allowing themselves to think that things might get better — a thought that for so long has had no ground in which to grow. But the daily realities also intrude, and some say they fear fighting, even civil war, between supporters and opponents of the self-rule plan.

A hint of possible trouble to come emerged Wednesday, when a pro-agreement rally in Gaza was disrupted by Islamic militants from the Hamas group, and then degenerated into a fist-swinging free-for-all. There were about 300 people from both sides, witnesses said.

Well before the brawl, in the bustling

central market, Samir Dabeid said Palestinians should take what they can get now, and demand more later. "Since 1948 we have been saying no," he said, referring to the year Israel was established. "Now we should say yes and see what happens."

Ali Sido, a shopkeeper whose son, 15, was killed in a clash with soldiers five years ago, said he was heartened by the agreement. "There has been enough bloodshed," he said. "I'm very, very optimistic."

A group of young men interrupted their streetcleaning to argue loudly over the self-rule plan. They were working under a job program run by the military government for the growing numbers of unemployed Gazans. Many laborers have been unable to work since Israel closed off the occupied territories in

March after a spate of fatal Arab attacks. "I was happy to hear about the agreement because it will rid us of the occupation," said Mohammed Faris, from the Bureij refugee camp. "I'll wake up in the morning and see no more Jews on the streets."

But a nearby Hamas supporter condemned the agreement as a sellout. "Palestine is an Islamic trust, and no one has the right to bargain it away," said the man, who gave his name as Mohammed.

He warned of civil strife among Palestinians, and charged that the local police force to be established under self-rule would crush opposition to any administration run by the Palestine Liberation Organization. "The Palestinian police force will replace the Israeli soldiers," he said.

Abu Faris shot back: "Anyone who

fomented civil war is a traitor." Yonis Jaro, a prominent supporter of the Popular Front for the Liberation of Palestine, said the agreement was seriously flawed because it kept Jewish settlements in place and did not apply to Jerusalem.

"We don't know what comes next, and there are no guarantees that this will lead to freedom and independence for the Palestinian people," Mr. Jaro said. "The people will discover later that they were deceived."

Zuhair Rayyes, a founder of the PLO and an author of its covenant, criticized moves under way to repeal sections of that document so there could be mutual recognition with Israel. He said that Palestinians were being offered "an alternative fatherland of Jericho-Gaza instead of Palestine."

TALKS: Optimism on Recognition Affable Amateurs Give Way to PLO

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and many Palestinians have drifted to more radical movements.

"Mr. Arafat has taken a risk greater than that of Egyptian President Sadat when he traveled to Jerusalem in 1977," said Gilles Kepe, a professor of Arab studies at the Institute of Political Science in Paris. "The PLO support in Gaza has eroded enormously in favor of Hamas and fundamentalist movements, and it is not even clear if Arafat will be able to set foot there. New elites now exist on the ground in Gaza and the West Bank."

Only by showing that the PLO can exert its authority and improve the lot of Palestinians in the occupied territories, however, will the peace plan begin to take on some substance and start to look like what Mr. Arafat is insisting that it is: the first step toward a Palestinian state.

Many Palestinians have already concluded that the peace plan will not be able to develop as Mr. Arafat believes.

"I hope the agreement will lead to a just and lasting peace, but I am just reflecting my doubts at the chances that this agreement will achieve what we want," said Haider Abdel-Shafi, the chief Palestinian negotiator at official talks in Washington, said Thursday. "This agreement overlooks Israel's continued settlement building in the occupied territories, especially Jerusalem."

Meanwhile, 10 radical Damascus-based Palestinian groups issued a statement saying that the accord was treacherous. "What Arafat and his team carried out does not represent the Palestinian people," the statement said.

Progress in Syrian Talks
Another breakthrough in Middle East peace negotiations suddenly looked possible Thursday when Syria said it hoped to reach an agreement in principle with Israel

by the end of next week. Reuters reported from Washington.

Israel also reported progress. Its chief negotiator with Syria, Itamar Rabinovich, said: "We made progress and we reached agreement on points that in earlier rounds seemed unbridgeable."

There is now the possibility, unthinkable even a week ago, that Syria, Jordan, Lebanon and the Palestinians might all sign draft peace agreements at the present round of Middle East talks.

Syria's chief negotiator, Moufak Alal, said after meeting the Israelis at the State Department: "We shall continue on Tuesday discussing the most important issues. These issues were discussed before, but the position of the Israeli delegation then was not very positive. We hope to see some more positiveness during this round in order to be able to end, hopefully, the discussion of the draft declaration during this round."

The latest round of peace talks ends next Thursday. The Syrian-Israeli talks had been deadlocked since late last year.

Syria insisted that Israel commit itself to a total withdrawal from the Golan Heights, occupied in the 1967 Arab-Israeli war. Israel refused to discuss how far it might withdraw until Syria said whether it would agree to a full peace including open borders and embassies.

A Syrian source said a shuttle by Secretary of State Warren M. Christopher between Jerusalem and Damascus a month ago had clarified that Syria was ready to go beyond a simple ending of the state of war if Israel was ready for total withdrawal from the Golan Heights.

"Our people, when talking about peace, can talk more freely now," the source said. "We will see if the Israelis can talk more freely about withdrawal."

By Daniel Williams
Washington Post Service

WASHINGTON — The Palestinian delegates to the Middle East peace talks here, a collection of self-described amateurs who for a time captured world attention, are preparing to fade into the background as representatives of the Palestine Liberation Organization take control of the negotiations.

As the 11th round of talks here resumed this week, the delegates trooped faithfully to the State Department to sit across a long table from Israeli negotiators. They have been doing this off and on for 22 months.

The Palestinians continued to make frequent appearances on television talk and interview shows to lay out passionate claims to Palestinian statehood in the West Bank

and Gaza Strip. They sat over coffee at a luxurious Washington hotel to massage worry beads and await the latest fax from Tunis, where the PLO has its headquarters.

But these activities were shown to be mere shadow play by the revelation this week that Israeli and PLO officials had been engaged for weeks in secret talks in Oslo. Those talks have brought the two sides to the threshold of a historic agreement, while the negotiations in Washington have barely budged.

"Our role is over," a delegate, Saeb Erakat, said. "We didn't have authority to sign anything anyway. We might as well go home."

The eclipse of the Palestinian delegation here marks the passing of an unusual phase in the Israeli-Arab conflict. The delegates, al-

though loyal to the PLO, provided a contrast with the rough image of the organization.

None wore combat fatigues, none of the men let their beards grow stubbly. Some were college professors, others ran newspapers, some were physicians. Firebombs were out; ordering cocktails was in.

At the start of the peace talks in Madrid in October 1991, a spokeswoman, Hanan Ashrawi, became an international television sensation with her urbane wit and unflappable demeanor.

Collectively, the 14 delegates were seen as examples of "new Palestinians" who were willing to compromise. Israel, spurning the PLO as a band of terrorists, said it would deal directly only with the West Bankers and Gazans.

EC: Aid for the PLO and More Trade for Israel

Continued from Page 1

estimates of the fund's needs are currently around \$300 million.

Europe also will concentrate its aid in the near term toward improving the water resources and other infrastructure in the territories, helping to develop tourism in the area and spurring the growth of small and medium-sized Palestinian enterprises, Mr. Delors said.

The Community will rely heavily on its lending arm, the European Investment Bank, and on private industry because its own budget and those of the member EC states are already overstretched, he added.

On trade, Mr. van den Broek said the commission hoped to get a mandate from its member states this fall to negotiate improvements in the existing free-trade agreement between the Community and Israel. It would probably take the two

sides nearly a year to reach a new accord, he added.

The Community is by far Israel's biggest trade partner, buying about 35 percent of its exports and supplying 50 percent of its imports.

Israel complains that the development of the EC single market and closer ties between the Community and the seven-member European Free Trade Association have left it in a weak position. Its trade deficit with the Community nearly doubled from 1.7 billion Ecus in 1990 to 3.1 billion last year.

U.S. Limits Funds

The Los Angeles Times reported from Washington: A senior State Department official said the United States was prepared to put up some money to subsidize Palestinian police, schools and other government agencies. But the United States can no longer afford to pay the entire

cost needed to establish Palestinian self-government in the West Bank and Gaza Strip, as it did a more than a decade ago when Israel and Egypt signed the first Arab-Israeli peace treaty.

To get the rest of the funds, the official said, Secretary of State Warren M. Christopher is contacting Arab states of the Gulf and major industrial nations, such as the six countries that take part with the United States in the annual Group of Seven economic summit meeting, the official said.

Former Secretary of State James A. Baker 3d collected much of the cost of U.S. military operations in the war against Iraq from many of those same countries — Japan, Britain, Germany, France, Italy and Canada. Asked if Mr. Christopher planned to break out Mr. Baker's "tin cup," the official said, "We already are doing that."

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The Dangers of Quagmire

The Geneva peace talks have broken down once again, with Bosnian Muslim leaders refusing to sign a plan based on a three-way partition of the country unless they are allowed to move territory, Serbian and Croatian leaders insist they have made their last offer. Either way, the new plan to end the Bosnian war reduces Muslim territory that it is a big step backward from the earlier, flawed Vance-Owen plan. It was that earlier plan that the Clinton administration once pledged as many as 30,000 American troops to enforce.

But if agreement is reached, President Bill Clinton would be mistaken to let that earlier pledge be taken as a blank-check guarantee that U.S. forces will be available to enforce the current plan.

The new plan would also require enforcement by tens of thousands of international troops. President Clinton now wisely indicates that he wants to wait and see the details before committing Americans to an enforcement effort. Rightly, he makes the fairness and enforceability of any final agreement the key criteria.

The current mediators, Lord Owen and Thorvald Stoltenberg, are pressing for a crude partition that would leave Bosnia's mostly Muslim government with lands that could not survive economically and are not even connected. The mediators have frankly told the Bosnians that the only alternative to three-way partition is a two-way partition between Serbs and Croats that would leave the Muslims no territory at all.

Given the unwillingness of Western governments to intervene and Europe's insistence on maintaining a one-sided arms embargo, that is probably an accurate prediction. But the Owen-Stoltenberg plan is scarcely a formula that Americans could accept as the basis for a long-term commitment of a larger American force. It does not reflect the interests, preferences or principles of the United States.

When you trace the outlines of this plan, the picture that emerges is that of a quagmire. Moreover, it is a quagmire that the European powers are themselves avoiding, but urging President Clinton to wade into. The mediators

estimate that enforcing the new plan would require at least 40,000 new peacekeeping troops beyond the 25,000 already in Bosnia. The peacekeeping forces would be expected to remain in place for years, and they would be constantly in harm's way.

The peacekeepers' main assignments would be to separate the combatants, patrol the newly drawn boundaries, and defend vital transportation corridors, duties that would put them in the line of fire if local militias follow their bellicose history and attempt to redraw the treaty map with force.

It has taken a long time. Both sides have missed important chances before, especially, it seemed to me, after the Camp David peace treaty between Israel and Egypt, which called for immediate negotiations on a five-year interim autonomy period.

Israel, I should have thought, could have started unilaterally turning over some functions of administration, which would have made it harder for the PLO and Arab states to refuse to move.

Instead, Egypt was isolated (with acquiescence of the Europeans) and its peacebroker, Awarar Sadat, was killed. Now, after patient restoration of its Arab ties, Egypt has played a major role in advancing the peace process.

The United States has been less in the forefront than during Secretary of State James Baker's hard push, despite Washington's claims that his successor Warren Christopher was the important "catalyst," and Syria and Jordan complain that they were left out of secret talks. But in present circumstances, this is just as well.

Israel and the PLO are now demonstrating that they can make progress on their own, with help from Egypt. These are really the "direct talks" Israel always sought, though with the one Arab authority in Jerusalem.

What we have is the prospect of a separate peace, bugaboo of Arab negotiators. King Hussein of Jordan does not like it because he rules the other half of the Palestinians, who will want the same kind of self-rule. Hafez Assad of Syria is grumpy because his thimble has been stolen by Yasser Arafat, and he no longer has an excuse to delay a Golan deal. Hamas and Hezbollah terrorists will seek to sabotage Palestinian autonomy.

The U.S. State Department is emitting ludicrous little bleats suggesting that Warren Christopher was the hero because Israel kept him informed of the dealings and he didn't blab. But this is not America's deal; it was truly worked out "between the parties."

What bugs hard-liners most about taking the PLO as a negotiating partner is not only the memory of the slaughtered Israeli Olympic athletes or the Arabs dancing on the

With Courage and Forbearance, This Peace Can Work

By Flora Lewis

PARIS — The text of the agreement between Israel and the Palestine Liberation Organization to "establish a Palestinian interim self-government authority" is more impressive than first reports sounded. It provides for Israeli withdrawal only from "Gaza and Jericho first," but elections are to be held in all the occupied territories within nine months as a "significant interim preparatory step toward the realization of the legitimate rights of the Palestinian people."

The accord represents key concessions from both sides. Not surprisingly, after so many bitter years, everybody involved is warning about the many pitfalls ahead. But this is a signal breakthrough.

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What bugs hard-liners most about taking the PLO as a negotiating partner is not only the memory of the slaughtered Israeli Olympic athletes or the Arabs dancing on the

roof tops as Iraqi Scud missiles slammed into Tel Aviv. It is that Shimon Peres, the super-dove Yossi Beilin, Israel's deputy foreign minister, and PLO sympathizers abroad — to whom would have come in to Mr. Arafat years ago, when he was running terrorists and demanding a state — will now claim to have been right all along.

Having been softened by 15 years of Israeli hard line, Mr. Arafat finally appears ready to accept Mr. Beilin's approach, adding the Gaza-Jericho twist. The irony is that now the Israeli doves will take political credit for the breakthrough when the pressure of time and the loss of dictator-sponsors have forced the PLO to become reasonable. No wonder Likudniks are gnashing their teeth: Their tough policy made this possible, and now their opponents are capitalizing on it.

The leader of the opposition in Israel, Benjamin Netanyahu, sees it in more stark terms: "The Rabin-Arafat agreement," he tells me, "is a prescription for a Palestinian state under the pre-'67 boundaries. Our concept offered them enclaves of autonomy, but this is just the reverse — culminating in a PLO sea with a few islands of Israeli settlements unable to survive." He wants an election now to be a referendum on this national life-or-death decision.

Others here are cautiously pessimistic. We know Mr. Arafat still plans to sit in Jerusalem as president of Palestine, not as mayor of Gaza. But here is why hope should not be denied: Israeli public opinion, influenced by the PLO's ability to keep local order and to adopt democratic methods, will determine the pace and extent of territorial compromise.

Not the outside coercion of comprehensiveness, not the hearts of

they help, not hinder, the peace effort. There will be even more doubts in the Arab world, but again this is the time when those who wish to emerge from the old conflict will need to show the courage to say so.

As usual in such transitions, money will be important. The European Community has promised to help Gaza and Jericho out of economic disaster, and the United States has ambiguously pledged "to assist to develop sufficient funds for the Palestinians to carry out their responsibilities under the agreement," in Mr. Christopher's words.

That presumably means getting Arab money flowing, as well as American contributions. It should be seen as a crucial investment. Getting a tangible "peace dividend" moving into Gaza and Jericho along with autonomy can bring a much greater peace dividend to all.

The complexity of the details and the difficulties ahead are enormous. But so are the prospects and the foreseeable rewards.

Just the fact that with so many new wars, so many new conflicts bloodying the world, the headlines have brought the sweet taste of good news is an encouragement to keep on trying for solutions.

Flora Lewis

The Cunning of Israel's Risk-Takers

By William Safire

WASHINGTON — When Menachem Begin came down from Camp David, I asked him if he had not gone too far in accepting the phrase "legitimate rights" of Palestinian Arabs. He countered with a biblical allusion: "Has my right hand held its cunning?"

Mr. Begin knew that the "legitimate" right of Arabs was to self-government, control of local affairs; he doubted that the Palestine Liberation Organization would settle for autonomy but would demand sovereignty over Israel's Judea and Samaria, to him an illegitimate claim. Mr. Begin was right: The arrogant PLO rejected his chance to work out self-rule in the disputed territories.

Today's prime minister, Yitzhak Rabin, offered Palestinians a new version of step-by-step self-government. When their delegation froze, Mr. Rabin sent Shimon Peres on an end run to the PLO, whose aging and bankrupt boss was not about to make the same all-or-nothing mistake again. As a result, Gaza, containing 800,000 of the 2 million Palestinians in the territories, is to be PLO-administered, which to Israel is like giving away a permanent migraine headache. Israel also accepted a symbolic PLO presence on the West Bank in Jericho, though autonomy there does not extend to the Allenby Bridge across the Jordan.

The stunner is the mutual recognition being worked out in Norway and likely to be signed here in Washington. The Palestinians could tear themselves apart and ruin the deal, but this week Arab-Israeli relations have undergone a Mediterranean sea-change.

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Making Sense of Defense

The study of U.S. defense needs just completed by the Clinton administration is not profound, but it is important nonetheless. The importance lies only partly in the particular pattern of recommendations it makes as to the proper sizes of the army, navy and air force, as well as on the fate of certain weapons systems — yes to another Seawolf attack submarine, no to certain new tactical aircraft, etc. The more important accomplishment may be to put the focus of debate back where it belongs — not just on spending but on the underlying questions of military capability and threat.

For 40 years the Soviet Union posed the central threat around which U.S. defense policy turned. The Soviet Union has now dissolved, and the threat has receded, if not disappeared. How large a military does the United States now need, and to avert which dangers? The defense debate has mostly been conducted in recent months in the domestic terms of possible budget savings versus the loss of jobs. That is not what this debate should mainly be about.

There is an artificial quality to the new report, to be sure. The dangers to national security that it describes, and on which it is based, are necessarily more felt than sighted. Most people understand that it is a dangerous world and that it would be wrong to disarm to the incautious extent the country did between World War I and World War II.

But right now the threat has to be envisioned and projected. The major, with its talk of having to fight two "major regional conflicts" at once — the scenario is that one breaks out on the Korean Peninsula as another is breaking out in the Middle East — does this. Critics will pick at it and perhaps mock it, but now they

will not be able to say just that the budget is bloated. They will have to say, this is the danger we are dismissing in the nation's name, this is the capability we propose to forgo — and sign their names. That is a harder step.

Our own sense is that the program around which the administration has now tried to put this protective shell is about right. The country is in the midst of a larger defense build-down than some of the current rhetoric might suggest. More would be reckless. The administration proposes that the army be cut divisions in half from its level in 1990 — to 10 divisions from 18. The navy would go from 546 ships to 346, the air force from 24 active fighter wings and 12 reserve wings to 13 and 7. Those are not baby steps. The navy would keep 12 of the 16 carriers it had in 1990 — there had been talk of going lower — and the air force would get a new fighter, but most other proposed new tactical aircraft would be shelved; there was not money for all that the services wanted. The marines would get the tilt-rotor aircraft they want instead of helicopters to ferry troops on and to the battlefield. The additional Seawolf submarine would be built, although the navy does not need it. The need is to maintain a defense industrial base and, in this case, keep in operation a company that can build a submarine (for which there are not too many civilian orders).

This is not a perfect defense program, nor as sophisticated a basis for the program as perhaps even some defense officials would want. But it does constitute a shift in the burden of proof. There is a different frame around the argument. The new report is a useful step.

THE WASHINGTON POST

After the Currency Crises, Can Europe Revive a Monetary Policy?

By H. Onno Ruding

NEW YORK — The recent European currency crisis was of a different nature — more fundamental and more frustrating — than the previous crisis, in September 1992.

Last year, Italy and Britain left the exchange-rate mechanism of the European Monetary System because their economic position had become too weak to keep their overvalued currencies within the narrow, prescribed bands of the ERM.

In contrast, the recent turmoil around the Belgian, Danish and French currencies occurred despite the competitive position and external strength of the economies of these countries. Their balances of payments are sufficiently strong to justify keeping their currencies at their existing ERM parities. But the awkward combination of domestic recession and high real interest rates led to serious doubts in the financial markets that the authorities would give higher priority to currency stability than to the reduction of domestic interest rates.

What are the lessons from this de facto termination of the ERM? It seems that a system of external national economies with a goal of maintaining a limited degree of exchange-rate flexibility can function in a credible and sustainable way only if two basic conditions are fulfilled.

First, there must be an anchor currency (in this case the Deutsche mark). It must be recognized as such internationally, with domestic economic policies that are conducive to such a role — particularly, low inflation and sound public financial policies.

Second, other participants must surrender their national monetary autonomy and adopt exchange-rate and interest-rate policies that avoid tensions in the ERM.

What went wrong primarily is not that the Bundesbank adopted a strict anti-inflationary domestic monetary policy with high interest rates. That is its responsibility by law.

The problem was the burden of German reunification combined with European recession. The cause was not German reunification but the unwillingness in Bonn to adopt a less-generous conversion rate for the East German mark, and the failure to finance the high costs of East German reconstruction by substantially lowering other government expenditures or by raising German taxes further.

The resulting disruption of the government's finances, its enormous borrowing needs and the overheating of the German economy — fueled by wage increases — have led to monetary disruption, as well.

Another cause of the ERM's demise is the unwillingness of some EC countries to "tough it out" in the long-term interest of European integration. The urge to fight domestic recession by reducing domestic real interest rates

has become too strong a factor and undermined the stability of their currencies in light of the Bundesbank's slow reduction of rates.

The financial markets have noted these incompatibilities in official policy, particularly that the conditions for a sustainable ERM no longer exist, and have acted accordingly. The market has raised the mirror of reality to the central banks and governments.

In September 1992 and again this year, several European politicians criticized the "speculators" for causing these currency problems. Some went so far as to suggest that there was a conscious effort by Anglo-Saxons or Americans to destabilize the EMS, despite a Bank for International Settlements report in February 1993, which found no evidence to support such a theory. In fact, the report showed that the largest currency movements were recorded by French, German and Benelux banks.

In 1992, we heard mainly British complaints; more recently, the voices were largely French and Belgian. I am afraid that they confuse cause and effect and follow the easy route of finding a scapegoat.

Underlying the huge movements in the European currencies are four factors: the liberalization of international capital flows and the deregulation of financial markets; the enormous growth of cross-border transactions by

multinational companies and mutual and pension funds; the insufficient convergence of national economic-financial policies among the industrial countries, and the failure of international reserves held by central banks to grow in line with the volume of international financial flows.

Some European policymakers are making three mistakes: They blame "speculators," they assume that the banks are the main speculators, and they think that capital controls can solve their problems.

In blaming "speculators," they forget that a large portion of international currency transactions is not speculative in the sense of taking positions in order to make profits when exchange rates change. Rather, these transactions are defensive in that, by hedging existing currency exposure, market participants try to protect the value of their assets and cash flows. This applies to both industrial and financial institutions that previously invested in currencies which are now perceived to be weak.

The main role of the large banks in foreign exchange is to serve their clients — corporate treasurers and fund managers — by executing orders in their role as market makers and intermediaries rather than as initiators or principals. The crux is that the markets have grown tremendously in recent years as a result of large volumes of customer transactions. The proprietary-trading transactions of the banks have grown, too, but less so.

Indeed, in addition to strict internal trading limits on foreign exchange, banks are subject to oversight of their activities by regulators — usually the central banks.

Finally, some politicians have hinted at the reimposition of capital controls, either exchange restrictions or tax or monetary measures. These efforts are economically wrong, their effectiveness is doubtful, and the likelihood of their introduction is low. They are wrong because it would hamper the expansion of international companies and investors, and would result in a major setback for

These Routine Cataclysms

On a balmy September morning in 1938, The New York Times ran a weather forecast on the bottom of Page 27 predicting "Rain and Cooler." Nothing more, nothing less. Just a typical September day.

Twenty-four hours later most of the Eastern Seaboard — from Cape Hatteras, North Carolina, to Kennebunkport, Maine — lay in shambles. As William Manchester later described it in his book "The Glory and the Dream," 153 houses on Westhampton beach had vanished; Atlantic City, Quogue, Providence and Springfield were under water; the Shore Line of the New York, New Haven and Hartford Railroad was trying to figure out what to do with a 300-foot (90-meter) steamship that lay across its tracks in New London. The great hurricane of 1938 had struck, leaving some 600 dead and 65,000 homeless in its wake.

Hurricanes do more than point out our fallibility as weather forecasters. They surprise us profoundly with their random power. Even in this age of satellite tracking, Doppler radar and the Weather Channel, each storm is an anomaly, each battering a

one-time-only, singular event that divides memory into two new compartments: before the storm and after.

For this really shouldn't be the case. September, as any adults who lives on America's East Coast can attest, is hurricane season. The clockwise vortices churn up our shores with clocklike regularity; the almanacs and history books are filled with death tolls and damage estimates. Eliza Doolittle may have sung that "In Hartford, Hereford and Hampshire, hurricanes hardly happen," but people in Hatteras, Hempstead and the Hamptons know otherwise. Mild-mannered Emily may have missed many spots this week, but just as Bob, Hugo and Andrew left their mark in the past, surely other hurricanes with other names will do the same in the future.

And people will undoubtedly be shocked, and then stunned, and then determined to rebuild, like small children, endlessly recasting sand castles against the tide. Is it folly? Denial? Perhaps. Or maybe it's just human nature to be continually surprised at the routine cataclysms of the natural world.

THE NEW YORK TIMES

Don't Blame Women for 'The Man'

By Mimi Abramovitz and Frances Fox Piven

WASHINGTON — The Clinton administration is making a grand show of touring the country and holding public hearings about "welfare reform."

Women should be on guard. Johnnie Tillmon, leader of the National Welfare Rights Organization in the 1960s, used to call the welfare system "The Man" because, she said, it ruled women's lives.

The term still holds. Men are the welfare "experts" and the system they have designed is increasingly abusive of poor women struggling to raise children.

For 20 years, a long line of male policy wonks have been complaining that welfare "dependency" is America's major problem. By the wonks' reading, it is all right for people to receive money from Social Security or defense contracts or bank bail-outs.

Only government largess to poor mothers ruins character, breaks up families, weakens the economy and blots the budget.

To listen to the male critics, you would think the welfare rolls were mushrooming and spending was spiraling out of sight. In fact, the welfare rolls stabilized in the early 1970s at about 3.6 million families and began to grow only with the 1989 recession.

Even now, Aid to Families With Dependent Children accounts for only 1 percent of the federal budget, or about \$22 billion a year. And rather than supporting families so generously as to encourage "depen-

dency," the grants are painfully low, averaging \$370 a month in 1992.

No state brings families up to the poverty line, even when food stamps are included.

But desperate poverty under government auspices is not the critics' main problem. "Dependency" is, and their solution is to force women to go to work.

Not surprisingly, given high unemployment and plummeting wage levels for unskilled workers, the much-vaunted welfare-to-work reforms and experiments under way can claim only marginal gains.

Welfare is just one way in which "The Man" is trying to make women shape up.

Wisconsin's "learnfare" reduces the checks of welfare mothers whose children are truant; Maryland's "healthfare" docks mothers when their children do not receive health checkups or immunizations; New Jersey's "welfare" offers a bonus to women who marry, while its "family cap" lowers the grant to women who have an additional child while on the rolls.

And some politicians talk about making Norplant, the contraceptive implant, a condition for receiving welfare money.

But even if there were jobs for unskilled women that paid enough to support a family and cover child and health care besides, does it really make sense to force poor mothers into a labor market flooded with other desperate job seekers?

Is it sane policy to force women to leave their children for jobs flipping burgers or mopping floors?

What will this really do to their ability to be good parents, especially in neighborhoods plagued by drugs, crime and poor schools?

If there were good job training, adequate child care and decent wages at the end of the road, many women would eagerly leave welfare. But such programs would cost upward of \$50 billion, so that is not what government is doing. Instead, the harassment of welfare mothers in the name of reform continues.

Welfare mothers make good scapegoats at a time when politicians and experts need scapegoats. Welfare is a code word for women and for blacks. It singles out the most vulnerable people in society.

As the certainties about family and prosperity that once anchored the country's leaders, having little substantive to offer, point the finger of blame at poor women.

Ms. Abramovitz is professor of social policy at Hunter College School of Social Work, Ms. Fox Piven is co-author of the newly revised "Regulating the Poor." They contributed this comment to The New York Times.

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IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1893: Kaiser's Revenge BERLIN — People are amused at an article according to which the Kaiser refused to sleep at Strasbourg because that town had returned a Socialist. It would be just as sensible to say that the Kaiser would refuse to sleep in Berlin because that city returned five Socialists and one Freisinnige Volkspartei member, which is the nearest thing to being Socialist. It is, however, true that the Kaiser did make a remark, without reflecting about not doing anything for Strasbourg because of its returning a Socialist. Upon this the independent press hastens to have its little joke.

1943: Russian Onrush LONDON — [From our New York edition:] Germany's 1941 invasion line cracked once more today [Sept. 2] under the impact of five advancing Russian armies, which cut the vital Bryansk-Kiev railway, punched out a gain of six miles toward Smolensk and crumpled enemy positions on a new 45-mile offensive front on the northern Donets Basin. The swiftness of the Russian advance suggested that the Germans were making a wholesale retreat toward the Dnieper River and were unable to withstand the force of Russia's immense manpower and motorized equipment. The Ukraine bastion of Sumy was also regained.

1918: Biting Hindenburg PARIS — Canadian and English troops, attacking just before dawn yesterday [Sept. 2], behind a monster array of tanks, have bitten deeply into the Quent-Drocourt line, a switch of the Hindenburg line, and dealt the German a staggering blow

Handwritten Arabic text at the bottom of the page.

OPINION

Shape Up the Government, Don't Play at 'Reinventing'

By Robert J. Samuelson

WASHINGTON — We are all waiting breathlessly for Vice President Al Gore's report on how to "reinvent government." Mr. Gore has been regaling audiences and reporters for months with horror stories about absurd government rules. He has ridiculed the regulations that govern the hiring, firing and promotion of federal workers. He has waved around government asstrays while denouncing hideously complex purchasing rules. They say, for instance, that ashtrays shouldn't splinter into more than 35 pieces if dropped.

All this is good theater. It may not be much else. You can be sure of one thing: Mr. Gore won't reinvent government. To do that, he would have to tear up the constitution. "Reinventing government" is just another slick phrase. The crucial question about Mr. Gore's report (due on Tuesday) is whether its proposals go beyond streamlining rules and consolidating programs.

Some or all of these recommendations might be worthwhile. Even if they did not save money, they might improve government's performance. But the crucial step in overhauling government is to decide what it should and should not do — and then to eliminate the programs and agencies that do not belong. These are political choices, not questions of management efficiency. If Mr. Gore does not make the choices, then his report will largely be a sham and will not achieve many permanent savings.

Plenty of programs deserve to be eliminated. Although they may have loyal constituencies, they do not serve any essential public purpose. For example, all of the following:

- Farm income supports: We do not need to subsidize farmers to ensure adequate food supplies. Annual savings: \$9 billion. (All savings are based on estimates by the Congressional Budget Office. Figures are for fiscal 1998, permitting programs to be phased out.)
- The Small Business Administration: Yes, America would still have small businesses if government did not lend money, guarantee loans or advise a tiny fraction of these companies through this agency. Annual savings: \$1 billion.
- Amtrak: Trains that carry a trivial share of intercity travelers (about 0.7 percent) are not an essential government service. Annual savings: \$950 million.
- Propaganda broadcasts: Hey, the Cold War is over. We do not need Radio Free Europe, the Voice of America or TV Marti. People around the world can tune in CNN. Annual savings: nearly \$700 million.
- Cultural subsidies: We have plenty of art, radio and TV without government subsidizing them. Scrap the National Endowments for the Arts and Humanities. Also kill the Corporation for Public Broadcasting. Annual savings: \$700 million.

Local transit subsidies: These go to localities to buy and operate buses and subways. But local transit is not a national matter. Localities should decide how much they want to subsidize local transit with their taxes. Annual savings: \$4.1 billion.

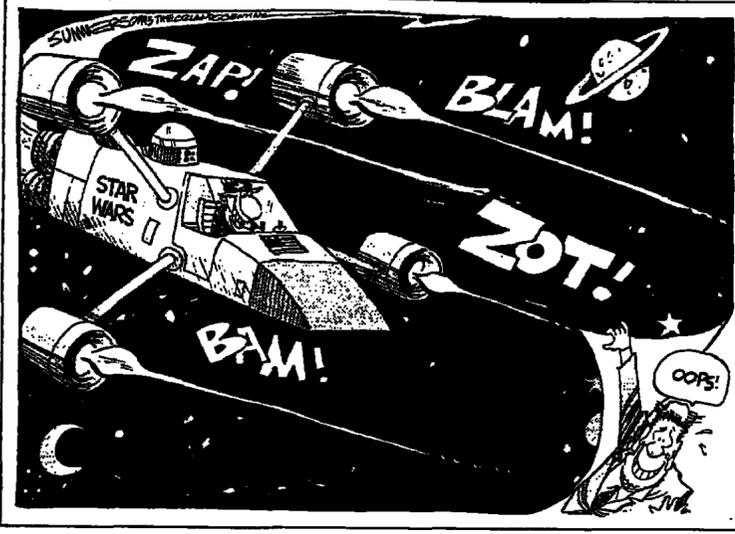
Farmers Home Administration: It subsidizes housing and farm-operating loans. Defaults are high, because borrowers are often not credit-worthy. Annual savings: \$1 billion to \$2 billion, depending on how fast loans are ended.

Highway "demonstration" projects: These projects, required by Congress, often would not be approved by states. This type of road building serves mainly political — not transportation — needs. Annual savings: \$1.2 billion.

These cuts total roughly \$20 billion annually, and they are just a start. For space reasons, the list does not include many small but unneeded programs, such as the Rural Electrification Administration (1998 savings: \$200 million). It also excludes many questionable big programs (the space station, community development block grants) for which at least a modest "public interest" case might be made. The programs on the list are the worst of the worst.

That judgment, of course, will incite howls of protests. You will hear that the programs do a lot of good and that their demise would create huge hardships. Nonsense. "A lot of good" doesn't justify government spending. Baskin-Robbins ice cream does lots of good, but we don't subsidize it. And ending these programs would not trigger a series of social calamities. Federal transit subsidies, for instance, equal only about 9 percent of local transit operating deficits.

Government will never operate as efficiently as the private market, where companies that do not provide desired products at acceptable costs fail. The only way to end wasteful government spending is to end it. That's why Mr. Gore should name names and argue that many programs are not needed. Eliminating them won't end budget deficits. Cuts on health spending, retirement programs and new taxes also are needed. But abolishing some programs would help, while also establishing the principle that all programs are not immortal. This would foster a climate in which other outdated programs could be ended. It would also make it easier to enact process changes — simpler hiring, firing or procurement rules.



LETTERS TO THE EDITOR

Benefits of Immigration

Regarding "Immigration: Silhouettes on the Signs Outline a Nation's Choice" (Opinion, Aug. 19) by George F. Will:

In Austria, where I now live, foreigners are barred from all but entry-level jobs in the university system, financial services and the public-sector job market. The lack of immigrant and minority input is one of the reasons Austria has become, compared to its pre-World War II status, a scientific backwater.

President Bill Clinton's regrettable change of heart on immigration and refugee policy must not go unchallenged. History has taught us that immigrants are only a threat to job security and wage levels when they are not protected and supported by trade unions and government services.

When immigrants enjoy the same pay and social status as their native-born and naturalized co-workers, they quickly move up the economic ladder, making room for newcomers on the lower rungs. This experience is common to North America and Western Europe. An open-door policy makes both economic and cultural sense. Make room for those willing to compete on the open market and may the better woman or man win.

EUGENE SENSENIG, Salzburg.

The Indians of Brazil

Regarding "Defend Indigenous Rights in Brazil" (Opinion, Aug. 27):

Terence Turner writes that the invasion of the Yanomamis Indian reserve by gold miners had "strong support from within the national government."

and he ignores the action of Brazilian authorities in favor of the Indians.

In the case of the recent murder of Yanomamis, government authorities immediately opened an investigation. The president of Brazil, Itamar Franco, ordered the justice minister, the prosecutor general of the republic and the president of the National Indian Foundation to go to the scene to follow the situation in person and to consider what measures to take.

The fate of the Yanomamis preoccupies the society and the government of my country, as confirmed by the decision in November 1991, despite opposition, to create, in Roraima State, a reserve for the Yanomamis three times the size of Belgium — this for a total of about 10,000 Indians. Because outsiders were to be barred from the reserve, 45,000 gold miners were expelled.

Since early in this century, Brazil has had a policy of protecting and helping its indigenous peoples and their institutions. The protection of the indigenous population is required by the Brazilian Constitution, including the right of Indians to their land and to the demarcation of their territories.

In all an area of nearly 800,000 square kilometers (300,000 square miles), more than one and one-half times the size of France, has been set aside for the Indians of Brazil. Mr. Turner affirms that "many senior officers appear to view domestic and foreign efforts to protect the ecology and indigenous peoples of the Amazon region as a threat to national security."

On the contrary, the armed forces have always participated in measures in favor of the Indians in Brazil's Amazon basin and have played a decisive role in assistance to them, including food and medical treatment.

Mr. Turner says that the Brazilian press and public support "repel of the constitutional protections of the Yanomamis and other Indians." But the massacre of the Yanomamis profoundly shocked Brazilian society, as reported in the international press. The Brazilian press reacted strongly, and in no way approved the murder of the Yanomamis. Finally, I would like to point out that conflicts between the Yanomamis and gold miners constitute a complex problem with implications beyond the protection of the Indians.

C. A. LEITE BARBOSA, Ambassador of Brazil, Paris.

The Hard Moral Path

The Gospel sets demanding standards of moral conduct that Christians have never found easy to follow. Andrew Greeley ("Catholicism: The Laidy Will Keep Doing It Their Way in Bed," Opinion, Aug. 25) seems to conclude that those Catholics who fail to follow the Pope's or the church's teaching on, say, abortion or contraception, think the teaching is no longer true. I wonder.

Many people are convinced that the Pope is speaking obvious truths that the world may find hard to live up to, but badly needs to hear, and has little difficulty in appreciating and admiring.

C. BURKE, Rome.

Our Marches Won't Make The Dream Come True

By William Raspberry

WASHINGTON — The three women — black, intelligent and as dignified as a latter-day Rosa Parks — were asked to give up their seats on the Bethesda Crab House could accommodate a party of six whites. They declined to do so. Then the women, hungry and tired after participating in the 30th anniversary of the March on Washington, were ordered to give up their seats. Again they refused. Finally, they were told to leave the suburban Maryland restaurant.

There is something poignantly symbolic about the incident — an almost

MEANWHILE

perfect commentary on the state of black America and the relevance in the 1990s of the 1960s-style protest that reached its culmination 30 years ago.

First, for those (like me) who insist that the battle against segregation and overt racism has largely been won and that it is time for new priorities, last Saturday's incident is a reminder that it is not really over. (Henry Vechev, owner of the restaurant, says race had nothing to do with it — that customers are frequently asked to take smaller tables so that larger parties can be seated. "They have all their marches and get bent out of shape," he added.)

Partly because I know one of the women — I remember Josie Bass from her days as a leader of an NAACP branch — and partly because Mr. Vechev and his staff have not alleged misconduct on the part of the women, beyond their refusal to give up their table, I have no doubt that they were treated rudely. Was it race-based rudeness? I don't know. Ms. Bass, Gwen Kimbrough, a businesswoman, and Marjorie Jenkins, her administrative assistant, say nobody uttered any racial trigger words.

But, then, nobody said the magic words at Denny's, the restaurant chain that has entered into a settlement with the NAACP after at least three incidents of mistreatment of black patrons. That stuff still happens.

The significant point, though, is that it does not happen much anymore. One is surprised, after all, to hear about clear-cut racism at Denny's or last weekend's rudeness, which, at the very least, involved unbelievable racial insensitivity.

One is not surprised by good, friendly and courteous treatment of black clients at restaurants in the deepest of the Deep

South. The 1963 march and the movement it symbolized brought the change the marchers demanded. Segregation has been outlawed. Jim Crow buried, overt racism pushed to the darkest corners of American life.

But the millennium hasn't come. Many black Americans — particularly university-educated professionals — are doing well enough that Martin Luther King Jr.'s famous dream is tantalizingly close to reality. But for too many others — notably those now described as the "underclass" — little has changed.

That is also part of the irony of last Saturday. Speaker after speaker described the 1993 march as the device to do for today's problems what the 1963 march did for segregation.

But the particular evidence of today's problems, cited by the speakers, included lower school achievement, joblessness, shorter life expectancy, teen parenting, fatherless households, drug abuse and violence, including record levels of homicide.

The 1963 marchers demanded that Congress enact laws to overturn Jim Crow voting rights laws, public accommodations laws, laws against discrimination and segregation. What were the 1993 demands, and upon whom were they made? Apart from the demand for statehood for the District of Columbia, unspecified job creation programs and support for health-care reform, it was hard to see what Congress — or anyone else — was being asked to do.

The lesson of August 1963 was the importance of reducing problems to their moral essence and then laying them at the feet of those who could do something about them. Not only was the essential immorality of segregation clear, but it was also clear that Congress — and only Congress — could do something about it.

The essence of black America's problem today is behavioral, and only black America can do anything about it. We can, as happened in the '60s, enlist the official and unofficial help of all who have help to give. But the leadership — in curbing black-on-black crime, redeeming our communities and rescuing our children — must be ours.

The problems we fought in the '60s still turn up, like weeds in a garden, where they are to be addressed — by law, where that is appropriate, and always by men and women of goodwill. Nothing would be more helpful now than for those whites who value civility and fairness to call the Henry Vechevs of the world to account. I hope it will happen.

But, though I understand the insult, inconvenience and humiliation three black women endured at the Bethesda Crab House that day, Mr. Vechev is not our main problem.

Rescuing our children is, and marching won't get it done.

Washington Post Writers Group.

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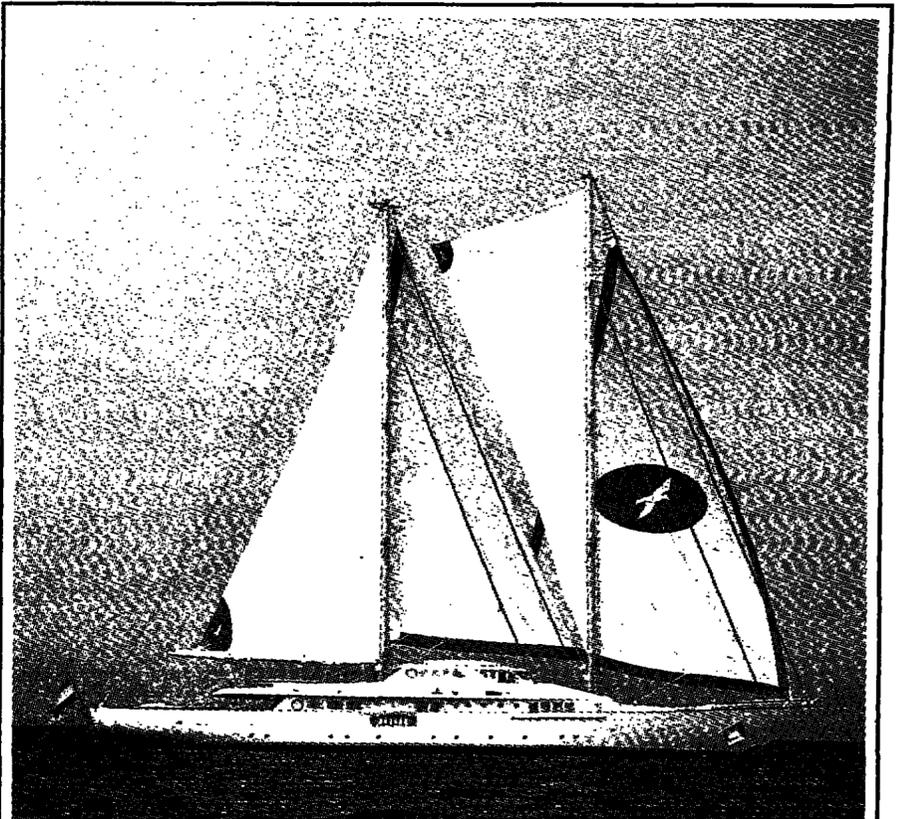
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Hidden Catalonia: Near the Costa Brava, Yet So Far Away

Vacation Calm in Núria Valley With No Cars and a Lone Hotel

By Al Goodman

VALL DE NÚRIA, Spain — The first steady visitor to the secluded, high-mountain Núria Valley in eastern Spain was said to be a religious hermit long ago. Pilgrims followed. But the snow-capped valley in the Catalan Pyrenees did not become a resort until well-heeled Barcelona outdoor enthusiasts discovered hiking and skiing there early this century.

The changes since then have been less abrupt than an alpine hailstorm in summer. Cattle and sheep still graze on the verdant slopes during warm months, behind the lone hotel, in keeping with the valley's namesake, Núria, the patroness of Pyrenean shepherds.

Spain's only cogwheel train began service to Núria Valley in 1931 and its bold ascent along the granite cliffs of a deep river gorge remains the best way to reach the valley — unless you want to hike uphill for eight kilometers (five miles) from the nearest village.

But there are no cars, and managers of the all-year resort undergoing a renaissance are betting that limited access to the valley holds the key to its touristic future.

"There was talk 15 years ago about bringing the highway up here. Fortunately that plan didn't get very far," said Joan Pons, of Núria Valley's marketing department. "We don't want the valley to be overbuilt."

The only big structure in the 1,967-meter valley is a four-story edifice completed in 1931. The building houses the renovated hotel (\$35 to \$70 per double), where telephones are being added this year to the 65 guest rooms, a Roman Catholic church-shrine, a restaurant, store and snack bar.

A 130-bed youth hostel is perched around a bend on another mountain clearing out of sight from the main river-fed valley. Backpackers may pitch a tent in a camping zone.

Núria Valley is the focal point for what amounts to seven valleys carved by glaciers. The area is a protected natural space where hunting is prohibited.

Catalans have long used the site, just a few hours north of Barcelona, as an outdoor staging ground, and horseback riding was added this year. But other Spaniards and foreigners arrive in far fewer numbers.

Most visitors limit the excursion to a day trip. When the last train back to town leaves in the evening, the valley's small overnight contingent can easily get a proprietorial feeling for the normally tranquil surroundings.

A 14-year, \$47 million improvement plan is nearing completion in the valley, including renovations to the train and main buildings and the addition of artificial snow machines for the ski slopes. They also are removing an outdated ski lift, which is an eyesore, and putting some electrical wires underground.

The train trip begins at Ribes de Freser, a small town that boasts two railroad stations. The Ribes-Enllec station links the start of the cogwheel line with Spain's normal train service RENFE (\$9 from Barcelona). The other

station, Ribes-Vila, is in the heart of town and a good place to leave the car.

It is a 12.5 kilometer climb on the cogwheel electric train to Núria Valley (\$14 and 1½ hours round-trip). The maximum speed ascending is 14 miles per hour; slower coming down.

The route showcases sheer drops of 100 meters from the tracks to the gorge below, gushing waterfalls, seven tunnels, and clumps of rhododendron and other wildflowers clanking the hillsides.

A serpentine footpath seen from the train also climbs to Núria Valley but it starts at Querolles, the tiny stone village that is the only other train station on the route.

Some visitors ride the train up and walk down (2½ hours). Fewer people try it the other way around.

Once in the valley, the excursions to surrounding mountains range from easy to difficult, winter and summer.

The hikes last an hour or all day and follow generally well-marked trails through pine forests, high-mountain meadows or barren landscapes covered with granite shards. Rowboats may be rented (\$4.50) on a small lake and a brief cable car ride (\$3) reaches the youth hostel for a different breathtaking vista.

The Coll Verd meadow is tailor-made for picnics and just a half-hour's gentle climb from the hotel.

Guides are available for longer treks, such as scaling the 2,913 meter Puigmal, highest peak in the eastern Pyrenees. Pilgrims have marked the summit with several old crosses.

The northwest view is to France and one crosses the border simply by taking a few steps downhill from the summit in that direction.

Several other points of the Núria Valley enclave also abut France. Hikers and horseback riders (\$46 per day) can cross the unguarded border in a few hours along routes used by tobacco and coffee smugglers after the Spanish Civil War and World War II.

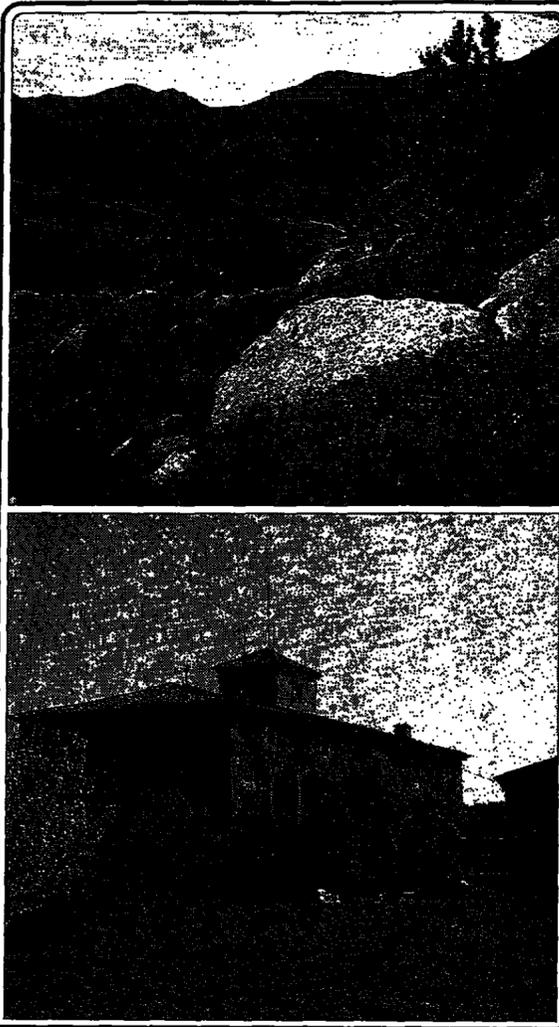
DURING winter, the resort has 10 alpine ski runs totaling only eight kilometers. The longest run takes just a few minutes to complete and the emphasis is on novice skiing and family outings.

Hardier skiers try Núria Valley for "mountain skiing," using specially fitted alpine-type boots and skis to climb up under their own power and then charge downward.

Núria Valley is not a late-night destination, but like all of Spain, the resort has been known to keep longer hours on special weekends and holidays. On those occasions, the final cogwheel train pulls out of the valley well after dark.

Vall de Núria Hotel, tel.: (34) 72-73-02-01. Fax inquiries preferred from non-Spanish speakers: (34) 72-73-03-26. Cogwheel train: (34) 72-72-70-31.

Al Goodman reports from Spain for CNN.



View of the Núria Valley in the Spanish Pyrenees near the French border, a small resort for skiing and hiking little known outside Catalonia, top; El Barón, located in the town of Tavernales, and one of the dozens of farmhouses with rooms for rent in the Catalan countryside.

Farmhouse Tourism Opens Doors To Best Aspects of Country Living

SANTA CRISTINA D'ARO, Spain — The heavy wooden saloon door at the Bosch family's 17th-century farmhouse used to bang loudly, before they started renting bedrooms to overnight tourists. But then there were complaints about the noise and the family patriarch came up with a solution: a crocheted round cushion attached to the foot of the door allows it to shut silently.

Farmhouse tourism in Spain, not yet as developed as in France and Italy, is coming of age. Service and standards are improving at Spanish farmhouses and it is easier to make advance reservations in regions such as Andalusia, Navarre, and the Basque country.

The eastern region of Catalonia is in the vanguard and soon to inaugurate the Turismo computerized reservation service for 115 rural lodgings in Catalonia — from bed-and-breakfast in a house shared with a farm family (\$14 to \$33 for two) to renting an entire house for a weekend (\$110 to \$310) or longer.

At the same time, Catalonia's offer of countryside sports — from golfing to mountain biking and horseback riding — has matured, and farmhouse hosts are more aware of the activities in their area.

Rural tourism here has grown because many vacationers are fed up with the often overcrowded Spanish beaches and because the nation's agricultural sector has shrunk, forcing farmers to find other income, industry experts say. Farm families can get European Community or Spanish public subsidies to convert rural houses for tourism.

THE Bosch home in Santa Cristina d'Aro is just a short drive to the Costa Brava but a world apart. Here one finds the typical Catalan mastic with arched-brick ceilings and old carved wooden furniture. The Boschs' wall decorations are pitchforks and country kitchen utensils, and there are shared bathrooms.

The main door is locked at midnight because, as the family patriarch explains, "Tourists who want to party late should stay in town." Downstairs at the house, known as Mas Pla, is a country-style restaurant. Dinner for two (\$43) may include enormous rabbit, chicken and Catalan sausage and good local wines.

Some farmhouses have a specific focus, such as the equestrian school and riding stables at Can Sort, owned by Cristina Solé and Jaume Dalmau. Solé was a photographer and Dalmau a lawyer before leaving careers in Barcelona 17 years ago to start anew. The stables and training corral are just behind the house, which looks out on a village stone church and the distant, deep blue Pyrenees. The typical fare is \$47 for room, half-board, and a two-hour guided tour or class.

The couple's horse farm is between Figueras, home to the Dalí museum (open daily during the summer) and the beachfront town of La Escala. In the latter, a

nonprofit environmental organization, Urdika, runs guided morning hikes, mountain-bike tours and horseback rides, on alternating days (tel. (34) 72-10-33-00).

A 12-mile mountain bike tour (\$13, including bike rental) to El Montgrí massif, climbs gently to the Punta de Milà, a prominent rocky outcrop above the turquoise Mediterranean. The cliff is topped with abandoned battlements built by Franco.

The guides ably discuss the route's sights, such as the types of pine trees in the forest, the ruins of a Romanesque-style stone church and the secluded villages with fortified towers that were used to fight off coastal pirates who wandered inland. The ride ends on the new paved promenade separating the beach from the exhibit of early Greek and Roman settlements at Empúries, adjacent to La Escala.

Most of the farmhouses in the Turismo reservation system are near the Pyrenees, a few hours from Barcelona. They are supposed to have a maximum of 15 guest beds, but during the summer some homes amply exceed the limit, and it's worth requesting the house's bed total when making a reservation.

Dozens of other Catalan farmhouses do not appear in the Turismo system. Some are listed by foreign tour operators, like the spacious home with a swimming pool near La Bisbal that nine young British professionals rented for \$1,500 a week this summer.

Other farmhouses are described in the Catalan government's Residencies-Casa de Pages 1993, available at tourist offices.

A 19th-century house called La Palma, near a river, is in the 1993 guide. The meals are natural-foods with starters like zucchini-and-cheese soup. On a recent weekend, the main clients were a yoga-and-meditation group from nearby Figueras, celebrating the full moon. The Spanish countryside seemed big enough to handle all kinds of visitors.

Turismetel, tel.: (34) 3-301-1740; fax: (34) 34-3-317-3005.

Al Goodman

HEAR THIS

Will Elvis never die? Crown Publishers is putting out "The Life and Career of Elvis Presley," a no-rolls-barred account of the meals that stretched a thousand jumpstarts. The "food biography" is the tongue-in-cheek work of David Adler, who interviewed Elvis's Greased-Landlady, his valet, his Tupelo, Mississippi, neighbors and gathered menus from Elvis's high school, the Army and Las Vegas hotels. Among the facts turned up by Adler's research: Elvis's favorite dessert was Del Monte fruit cocktail with coconut flakes, raisins and marmalade. As for napkins: "Save 'em." He used towels, "revealed Billy Stanley, Elvis's stepbrother."

In Indonesia, Life in a Duffel Bag

By Perri Klass

LONG trips, I crave long trips. Not just long distances, far-flung destinations, but trips that go on for more than a couple of weeks. Trips in which traveling is not just a brief escape from your real life, but actually becomes your way of life. I am talking about a peculiar hybrid of "On the Road" and "Across Asia on the Cheap," the famous Lonely Planet yellow bible that pointed hip young travelers in the 1970s to the right crash pads in Istanbul, Tehran, Kabul and, above all, Katmandu. Long trips, long periods of time in motion, a speck crawling in an eccentric path around the globe.

It is a travel ideology that celebrates the rucksack, the backpack, the sleeping bag. When I was 18 years old, I more or less saw the world that way. It was the almost statutory '70s Year Off From College in Europe With Boyfriend. We slept in tollbooths (well, once), hitchhiked our way across Iran (we were idiots), carried only what would fit in our backpacks.

Then we got older and got jobs and had a couple of kids and took a lot of short trips. And some not-so-short trips. But not until last summer did I really attempt what seemed like a Long Trip: 10 weeks of an idiosyncratic itinerary ranging from Prague to Bali. And somehow its defining moment came during an episode in the luggage claim area of the airport at Jogjakarta, Indonesia.

We had flown from Hong Kong, where we had just spent a couple of culturally enriching weeks eating constantly, to Jakarta. There we had changed planes and had discovered that for domestic flights on Garuda Indonesia Airlines, those who get to the counter first get on the flight. We used Josephine, our large, hot, and by then cranky, 2-year-old as an aggressive weapon, got to the counter and got on the flight to Jogjakarta, cultural capital of central Java, university city, jumping-off point for trips to the great temples of Prambanan and Borobudur. Yes, all four of us got to Jogjakarta.

We waited to see whether any of our luggage had also made the transition. Josephine passed the time by snarling and whining, while her parents tried to remember they were the grown-ups. Her 8-year-old brother, Orlando, was immersed in a collection of Lily Wong comic strips.

Finally! Here was the big duffel. Wonderful! Here was the even bigger duffel, the one that could only be dragged along. Ah, and the so-called small suitcase, the one that could theoretically be carried by an adult who was simultaneously dragging a cranky 2-year-old.

And then came a pause. We sat among the bags we had claimed, and of course our carry-on luggage. Four people, exercising their right to two carry-ons apiece, can generate quite a bit of debris. You have your two adults, each carrying one shoulder bag bursting with books and papers. One adult also carries an emergency bag, packed with one change of clothing for each family member — and two extra changes for Josephine, who is prone to occasional well-placed (in every sense) bouts of air sickness. The other adult carries a shopping bag full of the toys and books the children were unable to fit into their own little backpacks — eight Lily Wong collections, for example. Orlando carries my knitting bag, which, while bulky, is at least comparatively light. And so on.

The conveyor belt started up again. To our tremendous relief, out came our portable crib, Josephine's safe, familiar haven in hotel rooms

all over the world. And out came another suitcase, whose existence we had been trying to forget — a bag that after a month of traveling was filled with dirty laundry. But those were the only ones that came. We had been separated from the article of luggage perhaps most essential to our continued vagabond existence: the diaper bag. Well, I will tell you right away that Garuda came through for us, and we were reunited with our diapers by the very next flight from Jakarta.

But it was while sitting in that airport, surrounded by our personal effects, worrying over the possible loss of yet another trunkload of essential items, that I realized that a very basic shift of travel aesthetic was necessary.

We were not self-styled bits of wind-blown dust. We were not casual drifters, going wherever the road might take us. On the contrary, we were a full-blown expedition, a voyage of discovery positively Victorian in its obsession with enumerated accoutrements.

This is heavy, ponderous travel; you shift yourselves and the ground shakes. You make your entrance into hotel lobbies, and give the staff the best laugh they've had in weeks. Oh, the stuff we carried made perfect sense; we needed the books and toys and changes of clothes — never mind the diapers — and what's the point of travel if you don't buy souvenirs?

When you travel for more than a couple of weeks, maybe you don't leave your life behind. Instead, maybe you take some of your life along, and try living it in different places.

Perri Klass, a pediatrician in Boston, wrote this for The New York Times.

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THE MOVIE GUIDE



"Son of the Pink Panther": at left, Herbert Lom, Roberto Benigni and Claudia Cardinale; Benigni as Clouseau Jr.

Son of the Pink Panther
Directed by Blake Edwards.
U. S.

The future of Blake Edwards' "Pink Panther" series, which has resumed after a 10-year absence with "Son of the Pink Panther," will depend largely on whether audiences find Roberto Benigni, the talented comic actor who has appeared in two Jim Jarmusch films, as funny as Peter Sellers. It almost goes without saying that Benigni's character, Jacques Clouseau Jr., the French detective who follows in his famous father's bumbling footsteps, has inherited many of the elder Clouseau's qualities. He is indefatigably self-confident but hopelessly clumsy. Although

given to literary shts, he slaughters the language, turning flowery oratory into farcical mush. But Benigni has a sharply different comic style from Sellers, who died in 1980. Where Sellers's Clouseau père was a hopeless snob who exuded a preposterous pomposity when not groping his way out of scrapes, Benigni's Clouseau fils has no visible social ambitions. He is a dimwitted clown with a gooey gleam in his eye. Where Sellers was always brushing himself off and hastily trying to reassemble a shattered dignity, Benigni has no dignity to salvage. "Son of the Pink Panther" seems intent enough on wanting to continue the series to have brought back characters from earlier episodes. Once

again, Herbert Lom plays Dreyfus, the police commissioner whom Clouseau unwittingly outwits. Burt Kwouk and Graham Stark put in token appearances as Clouseau's manservant, Cato, and his disguise maker, Dr. Balls. What "Son of the Pink Panther" doesn't have, in addition to Sellers, is a screenplay that is even semi-coherent. The tale begins with the kidnapping of a Middle Eastern princess (Debrah Farentino) from the royal yacht by a gang demanding a \$100 million ransom and the king's abdication. No sooner has the plot been set up than it is all but discarded, and the movie turns into one long, messy chase interspersed with farcical set pieces. As the movie accelerates

out of control into a series of frantically intercut scenes that lack basic continuity, the fun turns into a collection of abrupt non sequiturs. In a series of films famous for their openings, "Son of the Pink Panther" has the flashiest title sequence of all with Bobby McFerrin singing several parts, weaving variations around Henry Mancini's familiar theme. (Stephen Holden, NYT)

The Room
Directed by Shion Sono, Japan

An extraordinarily rigorously constructed film: a series of long-lasting shots that purposefully outstay their story value, their interest, and their welcome — all in the interest of impressing with their aesthetic value. Perfectly photographed, with a detailed and literal sound track, the picture does have a certain claustrophobic power — since one can never be sure of the intentions of the young director, whose debut film this is. A technique this rigorous in the hands of the masters (Dreyer, Ozu, Antonioni) can indeed compel a belief and a sympathy rare in the cinema, but these directors are careful that their intentions do not have to compete with plot. Sono, on the other hand, uses all of this rigor simply to illustrate a story about an old gangster looking for a good room (a clean, well-lit place) in which to shoot himself. The result is a special kind of sentimentality: an invitation to lavish patient emotion on a notably unworthy subject. (Donald Richie, IHT)

سكنا من الامم

I H T S U R F

THE ARTS GUIDE

As the curtain goes up on the new season, here is a sampling of the productions at some of the world's major opera houses.

AUSTRALIA

Sydney
Sydney Opera House (tel: 318.10.88). Puccini "Tosca." Gluck "Orpheus and Eurydice." Verdi "Masked Ball." Mozart "Don Giovanni." Humperdinck "Hansel & Gretel." Offenbach "Perfekte." Larry Shkolnik "Golani" (world premiere).

AUSTRIA

Vienna
Wiener Staatsoper (tel: 514.440). Verdi "Aida" and "Traviata." Puccini "Madama Butterfly." "Carmen" and "Bohème." Mozart "Zauberflöte" and "Entführung aus dem Serail." Wagner "Rheingold." Strauss "Salome." Donizetti "L'Elisir d'Amore." Beethoven "Fidelio." Verdi "Il Trovatore." Mozart "Le Nozze di Figaro." Strauss "Ariadne auf Naxos." "Peter Grimes." "Lucia di Lammermoor." Rossini "Il Barbiere di Siviglia." Mozart "Don Giovanni." Strauss "Capriccio." Bizet "Carmen." R. Strauss "Ariadne auf Naxos" and "Friedenstag." J. Strauss "Fledermaus." Offenbach "Les Contes d'Hoffmann." Mozart "Idomeneo." Mussorgsky "Boris Godunov." Rossini "L'italiana in Algeri." Mascagni "Cavalleria Rusticana." Leoncavallo "Pagliaccio." Saint-Saens "Samson et Dalila." Gluck "Iphigénie en Tauride." Wagner "Die Walküre." "Parsifal." "Tristan und Isolde." "Die Meistersinger." Strauss "Capriccio" and "Salome." Cilea "Adriana Lecouvreur." Debussy "Pelléas et Mélisande." Rossini "Barber of Seville."

BELGIUM

Brussels
Théâtre Royal de la Monnaie (tel: 217.22.11). Bizet "Carmen." Schumann "Manfred." Jonathan Harvey "In Quest of Love." Rossini "Otello." Britten "Peter Grimes." Verdi "Traviata."

BRITAIN

Glasgow
Scottish Opera (tel: 248.4567). Verdi "Il Due Foscari." Puccini "Tosca." Janáček "Káťa Kabanová." Richard Strauss "Salome." Donizetti "L'Elisir d'Amore." Britten "Peter Grimes." Wagner "Tristan und Isolde."

GERMANY

Berlin
Deutsche Oper Berlin (tel: 34.38.1). Gluck "Orpheus und Eurydice." Verdi "Un Ballo in Maschera." Puccini "Turandot." Albert Feilmann "Das Schloß." Verdi "Otello." "Eugene Onegin." "Richard Strauss "Salome." "Zauberflöte." Wagner "Lohengrin." Verdi "Il Trovatore." "Dreyfus - Die Affäre" (world premiere). Bellini "Il Pirata."
Staatsoper Unter den Linden (tel: 203.544.94). Bellini "Il Capuletti ed i Montecchi." Offenbach "Tales of Hoffmann." Mozart "Così fan tutte" and "Zauberflöte." Wagner "Lohengrin." Verdi "Rigoletto." Wagner "Tannhäuser." Busoni "Brahms' Requiem." Verdi "Aida." Mozart "Entführung aus dem Serail." Wagner "Parsifal." Wagner "Walküre." Humperdinck "Hansel und Gretel." Weber "Freischütz." Puccini "Madama Butterfly." Wagner "Tristan und Isolde." Verdi "Traviata." J. Strauss "Fledermaus." "Ariadne auf Naxos." Gluck "Iphigénie en Tauride." Janáček "Jenufa." Gluck "Iphigénie en Tauride." d'Albert "Tiefand." Cimarosa "Il Matrimonio Segreto." Puccini "Tosca." Strauss "Elektra." Berg "Wozzeck." Beethoven "Fidelio." Paul Dessau "Verurteilung des Lukullus." Carl Heinrich Graun "Cleopatra e Cesare." Wagner "Meistersinger." Strauss "Capriccio" and "Salome." Cilea "Adriana Lecouvreur." Debussy "Pelléas et Mélisande." Rossini "Barber of Seville."

genda Hollander." Offenbach "Tales of Hoffmann." Janáček "Káťa Kabanová." Puccini "Madama Butterfly." Offenbach "Les Brigands." Cilea "Adriana Lecouvreur." Zimmermann "Soldaten." Richard Strauss "Salome." Mozart "Zauberflöte." Mussorgsky "Khovanshchina." Bizet "Carmen." Gluck "Iphigénie en Tauride." Puccini "Tosca." Shostakovich "Lady Macbeth of Mtsensk."
Opéra Comique (tel: 42.96.12.20). Britten "Midsummer Night's Dream." Massenet "Werther." Donizetti "Don Pasquale." Gounod "Roméo et Juliette."

GERMANY

Berlin
Deutsche Oper Berlin (tel: 34.38.1). Gluck "Orpheus und Eurydice." Verdi "Un Ballo in Maschera." Puccini "Turandot." Albert Feilmann "Das Schloß." Verdi "Otello." "Eugene Onegin." "Richard Strauss "Salome." "Zauberflöte." Wagner "Lohengrin." Verdi "Il Trovatore." "Dreyfus - Die Affäre" (world premiere). Bellini "Il Pirata."
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HAMBURG

Hamburg
Hamburgische Staatsoper (tel: 35.68.454). New productions include Gounod "Roméo et Juliette." Wagner "Götterdämmerung." Beethoven "Fidelio." Albert Lortzing "Wilhelm Tell." Hans Werner Henze "Bassarion." Mussorgsky "Khovanshchina."

LEIPZIG

Leipzig
Oper Leipzig (tel: 341.71.680). Schoenberg "Moses und Aaron." Bizet "Carmen." Mozart "Don Giovanni." R. Strauss "Salome." Tchaikovsky "Eugene Onegin." Stockhausen "Freitag aus Licht" (world premiere). Friedrich Schenker "Lisabens Dampferessen" (world premiere). Luca Lombardi "Shostakovich's Illness" (world premiere).

MUNICH

Munich
Nationaltheater (tel: 29.36.49). Verdi "Traviata." Mozart "Don Giovanni." Shostakovich "Lady Macbeth of Mtsensk." Rossini "Il Barbiere di Siviglia." Puccini "Bohème." Strauss "Salome." Fendler "Ubu Rex." Mozart "Le Nozze di Figaro." Berlioz "Damnation de Faust." Strauss "Elektra." Wagner "Meistersinger." Britten "Peter Grimes." Humperdinck "Hansel und Gretel." Mozart "Zauberflöte." Strauss "Rosenkavalier." Mascagni "Cavalleria Rusticana" with Leoncavallo "Pagliaccio." Verdi "Un Ballo in Maschera." Rossini "La Cenerentola." Puccini "Madama Butterfly." Wagner "Fliegende Holländer." Handel "Giulio Cesare." Verdi "Il Trovatore." Mozart "Così fan tutte." Verdi "Forza del Destino." Donizetti "Don Pasquale." Dvorák "Dimitri." Verdi "Nabucco." Wagner "Tannhäuser."

STUTTGART

Stuttgart
Staatstheater (tel: 20.32.220). Wagner "Parsifal." Mozart "Zauberflöte." Puccini "Bohème." Strauss "Ariadne auf Naxos." Peter Hesse "Drei und Marsk." Donizetti "Don Pasquale." Verdi "Traviata." Puccini "Bohème." Nielsen "Maskerade." Puccini "Tosca." Verdi "Otello." Rossini "Il Barbiere di Siviglia." Richard Strauss "Rosenkavalier." Wagner "Lohengrin."

FRANCE

Paris
Opéra Bastille (tel: 44.73.13.99). Wagner "Fle-



Illustration by Michael Auer/TFT

ITALY

Milan
Teatro alla Scala (tel: 80.91.60). New productions include: Spontini "Vestale." Prokofiev "Flery Angel." Puccini "Rondine." Rossini "Macometto II" and Donizetti "Don Pasquale." Verdi "Rigoletto" and Strauss "Elektra." Mozart "Entführung aus dem Serail."

SWITZERLAND

Lausanne
T.M. Opéra Lausanne (tel: 312.64.33). Gounod "Mireille." Offenbach "Belle Helène." Gluck "Iphigénie en Tauride." Puccini "Tosca."

UNITED STATES

Los Angeles
Music Center Opera (tel: 655.89.28). Puccini "Bohème." Verdi "A Masked Ball." Richard Strauss "Frau ohne Schatten." Manuel Penella "El Gato Montes." Puccini "Madama Butterfly." "Rosenkavalier." "Richard Strauss "Rosenkavalier." "Mascagni "Cavalleria Rusticana" with Leoncavallo "Pagliaccio." Verdi "Un Ballo in Maschera." Rossini "La Cenerentola." Puccini "Madama Butterfly." Wagner "Fliegende Holländer." Handel "Giulio Cesare." Verdi "Il Trovatore." Mozart "Così fan tutte." Verdi "Forza del Destino." Donizetti "Don Pasquale." Dvorák "Dimitri." Verdi "Nabucco." Wagner "Tannhäuser."

WASHINGTON

Kennedy Center (tel: 416.78.00). Donizetti "Anna Bolena." d'Albert "Tiefand." Donizetti "Daughter of the Regiment." Richard Strauss "Ariadne auf Naxos." Domènec Argento "Dream of Voltaire" (world premiere). Verdi "Un Ballo in Maschera." Puccini's "Madama Butterfly."

True Value in Flying: Not Always Just Price

By Roger Collis
International Herald Tribune

BUYING airline tickets is a compromise, a trade-off between convenience, cost and comfort. Value is not what you pay but what you get commensurate with what you need. It means different things to different people at different times. It may mean getting a first-class ticket at a business-class fare, a free stopover or avoiding the Saturday night nonsense with an excursion ticket.

Start by exploring the options and asking the right questions. Are you concerned primarily with price or with the fastest routing? Are you prepared to change planes twice to earn frequent-flyer miles? How much flexibility do you need? How much would you sacrifice for a better deal?

The most expensive way to travel is to turn up at an airport and buy a full-fare ticket. And yet a full-fare ticket can be the best bargain if you are able to use its flexibility, not only by being able to switch flights and carriers and make unlimited stopovers en route but by exploiting International Air Transport Association rules that allow you to fly up to 25 percent more miles between two points free or for a small surcharge. This is known as "fare construction."

Thus you can sometimes save as much as 30 percent by combining separate round trips on one ticket. You don't have to tie yourself down to flights or dates, and the combined ticket is valid for a year, with no cancellation or reissue charges except for re-routing. It works well for first, business, economy or a mixture of classes.

Let's say you're planning two trips from London, to Singapore and to Boston a month later. Separate tickets would cost you about \$6,000 in business class. Combining the trips on one ticket will save you about \$600.

Another device is to combine two types of fare on the same ticket, say a point-to-point fare on the way out and a fare allowing unlimited stopovers on the way back. You can save up to 40 percent.

The converse is "split ticketing," whereby you take advantage of a weaker currency by buying separate tickets for the outward and return journeys. If you travel a lot to a country with a weaker currency, say from London to Bombay, it makes sense to buy an initial one-way ticket and a series of round-trips at the other end.

You can sometimes take advantage of anomalies in IATA tariffs that make it cheaper to buy a ticket to a point beyond your destination. If you travel regularly among several cities in Europe it can make sense to buy an open one-way ticket routed from Helsinki to Palma allowing for stopovers in Stockholm, Copenhagen, Amsterdam, Paris and Nice. The Helsinki-Nice fare is the same as Helsinki-Palma. So when you've finished your business in Nice, you

can use the last stub for a free vacation in Majorca. Coming back, you buy another one-way ticket and use the segments any time within a year.

A full-fare ticket can also qualify you for spouse fares — half price for a companion traveling with you — upgrades and higher mileage credits and deals on hotels.

Some of the best airline deals are on the ground. Competition has led carriers to offer a free 24-hour package to long-haul first- or business-class passengers who travel through their main hubs. A general rule is that you must be making an "involuntary stop" of four to 24 hours — in other words, if there is no onward connection that day. So make sure there isn't.

Flying first or business class with Iberia earns you its Madrid Amigo package: two

The Frequent Traveler

trips free in a five-star hotel (one night for passengers flying full economy), limo transfer and dinner at a flamenco show. The condition is that you must be connecting with Iberia to or from an international flight. Air France encourages people flying from Mexico City to Madrid to stop over in Paris rather than fly direct with another airline. You get one night in a luxury hotel, limo transfers and meals. The SAS "executive stopover" package in Copenhagen and Stockholm is free to SAS business-class passengers on an intercontinental flight with an onward connection to an international destination.

If you want to visit Amsterdam, you could do worse than take advantage of a KLM Stay on the Way package. It is free to KLM passengers paying full fare on an intercontinental flight via Schiphol to a destination outside the Netherlands. Transfers, hotel and meals are free for a 24-hour stay.

Most airlines prefer to do deals in someone else's back yard, which means it pays to choose a foreign airline via its main hub. Lufthansa tempts British business travelers through Frankfurt to destinations in the United States at 30 percent less than direct flights from London or Manchester.

Take Paris-Singapore. The published business class round-trip will cost you about 30,000 francs (\$5,100). That is for a nonstop flight — or for stopovers en route. Wagons Lits Paris will quote you 26,650 francs for such a ticket on Air France-Singapore Airlines and only 20,700 francs via London, with a combination of British Airways-Garuda-Singapore-Quantas.

Perhaps the most spectacular of all deals is flying Concorde to New York on Air France. A round-trip to London (via Paris) costs £3,434, compared with British Airways' Concorde from London at £4,220 (regular fare: £5,030). Air France picks up the tab for a hotel room in Paris on the way back from New York — and on the way out if you want it — plus meals and limo transfers.

BOOKS

THE INVENTION OF PORNOGRAPHY: Obscenity and the Origins of Modernity, 1500-1800

Edited by Lynn Hunt. Illustrated. 411 pages. \$26.95. Zone Books.

Reviewed by Michiko Kakutani

SAY the word "pornography" today and one thinks of blue movies on cable television, raunchy magazines published by the likes of Larry Flynt and dirty books: both those prettily packaged novels labeled "erotica" and the sleazebag sort sold in the back of Times Square newsstands. The main link such items would seem to have with the world of politics at large is the wrath they incite in both conservatives decrying the moral collapse of the nation and feminists, like Susan Brownmiller, decrying the dehumanization of women.

As this fascinating new collection of essays makes clear, however, this conception of pornography is a relatively recent Western notion that only gained currency during the early years of the 19th century. In the centuries before that, pornography was not a separate and distinct genre created to arouse sexual feelings; rather, it was a vehicle used to criticize the political and religious authorities through the shock of sex. Indeed, Lynn Hunt, the editor of this volume, argues that "early modern pornography reveals some of the most important nascent characteristics of modern culture: it was linked, she says, not only with free-thinking and heresy, but also with the animating ideas behind the Renaissance, the scientific revolution, the Enlightenment and the French Revolution.

In her last book, an illuminating cultural history of the French Revolution ("The Family Romance of the French Revolution," University of California Press), Hunt showed how obscene drawings of an impotent Louis XVI and a castrating Marie Antoinette embodied popular attitudes toward the monarchy during its last years. In the concluding essay of this volume, she amplifies this idea, arguing that politically motivated pornography actually "helped to bring about the Revolution by undermining the legitimacy of the ancient regime as a social and political system."

According to Hunt, French political pornography proliferated in

WHAT THEY'RE READING

President Bill Clinton told a White House Interfaith Breakfast that he is reading "The Culture of Politics" by Stephen L. Carter. "The subtitle of the book is: 'How American Law and Politics Trivialize Religious Devotion.' And I would urge you all to read it... because at least it lays a lot of these issues out that I am trying to grapple with." (Paul Horvitz, IHT)



the decade before the Revolution, and boomed during the early years of the Revolution. Aristocrats were portrayed as debauched and riddled with venereal disease; the queen was depicted as sleeping with her valets and her own son. Whereas pornography had traditionally been the preserve of a small group of wealthy aristocrats, says Hunt, it now became a force of democratization: pictures depicting "the availability of the queen's body" implied that the queen's body was "available to every man."

As for the other essays in this volume, they address various aspects of the social and political implications of pornography in the years before the French Revolution. Paula Findlen, who teaches history at the University of California, looks at pornography in Re-

naissance Italy as both a product of and reaction to the culture's embrace of classical antiquity. Rachel Weil, an assistant professor of history at Cornell, examines efforts in Restoration England to draw analogies between political absolutism and sexual debauchery in the reign of Charles II. And Wijnand W. Mijndhart, a professor of cultural history at the University of Utrecht, examines the conjunction of a high level of religious and political toleration in the 18th-century Dutch Republic and the lack of political pornography.

Aside from Hunt's own two contributions to this volume, the most compelling essay in "The Invention of Pornography" is one by Margaret C. Jacob, a professor of history at the New School for Social Research. Explicating the connections

that developed in the 18th century between pornography and the new philosophy of materialism, she argues that both postulated a world subject only to the physical laws of nature, a world in which the rules of religion and traditional ethics had no hold.

"Metaphysical materialism," she writes, "was seized upon by pornographers eager to describe, eroticize and, not least, to preach the ethics of the libertine driven by desire, by the relentless motion inherent in matter. Pornographic literature presented by anonymous authors spoke to the same public that read the new journals and novels, that bought and read, that traveled far and wide and inhabited a universe now seen by us as nascently modern."

Michiko Kakutani is on the staff of The New York Times.

BRIDGE

By Alan Truscott
THE 1993 Von Zedwitz Double Knockout Team Championship, organized by the Greater New York Bridge Association, is nearing its end. The last undefeated team, which will now wait for the results of the losers bracket, consists of Michael and Judi Radin, Michael Kopera, Edgar Kaplan, Brian Glubok and Nick Nickell. Playing together at the Beverly Club, with Glubok and Nickell absent, they defeated a group led by John Solodar by a margin of 45

imps. In a recent Chicago game Judi Radin held the South hand shown in the diagram, and was faced with a difficult decision when East, in third seat, opened with a highly imaginative three-diamond bid. She chose an overbid of three no-trump, which proved to be right.

deal was William Cole which appeared in his 1991 book, "Fish-heads" (Devyn Press).

NORTH
♠ 10 8 5 5
♥ J 7 7 3
♦ 8 1
♣ 8 7 2

WEST (D)
♠ Q J 6 4
♥ Q 5
♦ Q 2
♣ Q J 6 4 3

EAST
♠ 2 3 2
♥ 10 9 4 2
♦ K Q J 9 7
♣ 8 5

SOUTH
♠ A K
♥ A K 6
♦ A 10 8 3
♣ A K 10 8

Both sides were vulnerable. The bidding:
West North East South
Pass Pass 3♣ 3NT
Pass Pass Pass
West led the diamond four.

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Finland	F.M. 2,400	1,200	700
France	F.F. 1,800	1,070	590
Germany	D.M. 700	385	210
Italy	L.Ir. 770	470	280
Great Britain	£	115	65
Greece	Dr. 75,000	41,000	22,000
Ireland	Ir.£	125	65
Italy	L.Ir. 770	470	280
Japan	¥ 200,000	110,000	60,000
Lebanon	L.L. 14,000	7,700	4,200
Netherlands	Fl. 770	470	280
Norway	N.Kr. 3,200	1,800	1,050
Portugal	Esc. 47,000	26,000	14,000
Spain	Ptas. 48,000	26,500	14,500
Switzerland	S.Fr. 3,100	1,700	900
Sweden (incl. tax)	S.Kr. 3,200	1,800	1,000
Switzerland	S.Fr. 810	435	245
Rest of Europe, N. Africa, former French Africa, Middle East	S.Fr. 630	345	190
Gulf States, Asia, Central and South America	S. 780	430	235
Rest of Africa	S. 900	485	270

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NYSE

Thursday's Closing
Tables include prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Symbol	Price	Change	Volume
IBM	100.00	+0.25	1,200,000
MSFT	55.00	+0.50	800,000
GE	30.00	+0.10	500,000
AMZN	18.00	+0.20	300,000
GOOG	25.00	+0.30	200,000
DIS	22.00	+0.15	400,000
INTL	15.00	+0.10	150,000
ORCL	20.00	+0.25	180,000
HPQ	12.00	+0.15	250,000
CRM	10.00	+0.10	120,000
ADP	18.00	+0.20	100,000
QCOM	15.00	+0.15	80,000
TXN	12.00	+0.10	60,000
INTC	10.00	+0.10	40,000
AMD	8.00	+0.10	30,000
SPX	2,800.00	+15.00	-

Symbol	Price	Change	Volume
BA	45.00	+0.50	1,500,000
AA	35.00	+0.25	1,000,000
CVX	50.00	+0.75	800,000
MRK	40.00	+0.50	700,000
UNH	30.00	+0.40	600,000
WMT	25.00	+0.30	500,000
PG	20.00	+0.20	400,000
KO	18.00	+0.15	300,000
DIS	22.00	+0.15	400,000
INTL	15.00	+0.10	150,000
ORCL	20.00	+0.25	180,000
HPQ	12.00	+0.15	250,000
CRM	10.00	+0.10	120,000
ADP	18.00	+0.20	100,000
QCOM	15.00	+0.15	80,000
TXN	12.00	+0.10	60,000
INTC	10.00	+0.10	40,000
AMD	8.00	+0.10	30,000
SPX	2,800.00	+15.00	-

Symbol	Price	Change	Volume
IBM	100.00	+0.25	1,200,000
MSFT	55.00	+0.50	800,000
GE	30.00	+0.10	500,000
AMZN	18.00	+0.20	300,000
GOOG	25.00	+0.30	200,000
DIS	22.00	+0.15	400,000
INTL	15.00	+0.10	150,000
ORCL	20.00	+0.25	180,000
HPQ	12.00	+0.15	250,000
CRM	10.00	+0.10	120,000
ADP	18.00	+0.20	100,000
QCOM	15.00	+0.15	80,000
TXN	12.00	+0.10	60,000
INTC	10.00	+0.10	40,000
AMD	8.00	+0.10	30,000
SPX	2,800.00	+15.00	-

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Symbol	Price	Change	Volume
IBM	100.00	+0.25	1,200,000
MSFT	55.00	+0.50	800,000
GE	30.00	+0.10	500,000
AMZN	18.00	+0.20	300,000
GOOG	25.00	+0.30	200,000
DIS	22.00	+0.15	400,000
INTL	15.00	+0.10	150,000
ORCL	20.00	+0.25	180,000
HPQ	12.00	+0.15	250,000
CRM	10.00	+0.10	120,000
ADP	18.00	+0.20	100,000
QCOM	15.00	+0.15	80,000
TXN	12.00	+0.10	60,000
INTC	10.00	+0.10	40,000
AMD	8.00	+0.10	30,000
SPX	2,800.00	+15.00	-

TRIB INDEX

WALL STREET WATCH
Wall Street Real Estate
An Alternative Choice

CURRE

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As Phone Firm Debuts in Tokyo, Some See a Trend

By Andrew Pollack
New York Times Service

TOKYO—The Tokyo Stock Exchange will witness a relatively rare event on Friday—the initial public offering of a fast-growing technology start-up.

The start of trading in DDI Corp., a long-distance and cellular telephone company, is part of a revival in initial public offerings that is beginning in Japan as the stock market seems to have recovered somewhat from its slump of the last two years.

Numerous companies in Silicon Valley and other high-technology bastions of the United States go public, a rite that in some sense marks their coming of age. But in Japan, there are relatively few such success stories.

That is because many talented people will not leave their established company to start a new one because there is relatively little venture capital in Japan and it is more difficult to go public than in the United States.

Brokerage firms are hoping the appeal of DDI, which is one of the fastest-growing companies in Japanese history, will bring individual investors back to the stock market. Analysts expect the stock to be

bid up quickly to well above its initial listing price of 3.7 million yen, or about \$35,000 a share.

"It's the purest play in telecom, in cellular," said Peter Wolff, technology analyst with Kidder, Peabody & Co. in Tokyo. "This is going to be the hottest issue of the year."

A successful reception for DDI would also lay the groundwork for a much bigger public listing in October of East Japan Railway Co., one of seven companies formed when the national railroad system was privatized.

DDI was the creation not of venture capitalists but of an already established company, Kyocera Corp. In 1983, Sachio Semmoto, an engineer with Nippon Telegraph & Telephone Public Corp., gave a speech on NTT's future telecommunications plan to the Kyoto Chamber of Commerce. Among those in the audience was Kazuo Inamori, the founder and president of Kyocera and himself one of Japan's most successful entrepreneurs.

With some parts of telephone service about to be deregulated in Japan and NTT privatized, the two men conceived a company that would challenge NTT in the long-distance business. DDI, whose name in

Japanese means the "second telegraph and telephone company," was founded in 1984 with Mr. Inamori as chairman and Mr. Semmoto as the senior vice president.

With its long-distance rates high to offset cheap local phone rates, NTT was somewhat easy prey. DDI grew explosively, following much the same path as MCI Corp. in challenging American Telephone & Telegraph Corp. in the United States. It is now the largest of three alternative long-distance providers.

In the financial year ended in March, parent-company revenue, mostly from the long-distance business, rose 15 percent, to 230.7 billion yen. Net income climbed 8 percent, to 13.4 billion yen.

DDI has recently been expanding into cellular-telephone service through its majority ownership of eight cellular companies.

On a consolidated basis, which includes the cellular affiliates, DDI had revenue in its last financial year of about \$2.8 billion. Mobile-phone service, which has not yet become widespread in Japan as in the United States, is expected to be the source of the company's growth in the years ahead.

Not everyone thinks the stock is a bargain. Stiguer

Yoshinaka, telecommunications analyst for Barclays de Zoete Wedd Securities, said he thought DDI "will not see further growth over the next two to three years." Both the long-distance business and cellular-telephone service are becoming more competitive, he said. Indeed, NTT says it will seek the early retirement of 10,000 employees as part of a plan to slim down to fight off the competition.

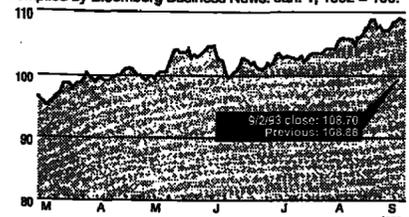
But John Baldwin, director of research for Jardine Fleming Securities, disagreed, saying DDI and the Japanese telecommunications industry in general would benefit from deregulation efforts now under way by Japan's government. "You could pay up to 8 million yen for this and not be doing that badly," he said.

Kyocera owns 25 percent of DDI's stock, and 5 percent is owned by Sony Corp., which was also involved in the founding of the long-distance company. Most of the rest is owned by a long list of banks, trading companies and other Japanese companies.

One way in which DDI's offering differs from those in the United States is in the small ownership of stock by the company's founders and officers.



THE TRIB INDEX: 108.70
International Herald Tribune World Stock Index of 230 Internationally Investable Stocks from 20 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in: Tokyo, New York, 1983, and Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden and Switzerland. In the case of Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization. In the remaining 17 countries, the ten top stocks are tracked.

Region	Approx. weighting	Approx. weighting	Approx. weighting		
Asia/Pacific	25%	Europe	40%	N. America	35%
Close: 128.24 Prev: 128.02	Close: 108.09 Prev: 105.62	Close: 94.07 Prev: 94.59			

Industrial Sectors	This close	Prev. close	% change
Energy	106.55	106.94	-0.36
Utilities	114.11	114.30	-0.17
Finance	119.89	120.44	-0.46
Services	117.24	118.09	-0.72

For readers desiring more information about the International Herald Tribune World Stock Index, a booklet is available free of charge. Write: International Herald Tribune, 181 Avenue Charles de Gaulle, 92221 Neuilly Cedex, France.

WALL STREET WATCH

Making Dacey Real Estate Into an Attractive Gamble

By Jeanne B. Pinder
New York Times Service

NEW YORK—A California home builder recently raised a pile of money by selling notes with a rating below investment grade that promised a startlingly high 10.375 percent interest rate. Using the draw of high yield, the builder, Baldwin Co., collected \$155 million, attracting investors to the troubled world of real estate even though the company was already behind or in default on about \$143 million in loans.

A yield of around 20 percent was reportedly the draw in another real estate deal, this one from Daiwa Securities America.

It turned a package of nursing-home mortgages into five classes of securities: three with investment-grade ratings and two with considerably more credit risk. One—sold privately, and therefore not publicly described—reportedly yielded around 20 percent.

The two deals illustrate a trend: High yields are drawing big money into the depressed real estate market—and especially into securities that promise high returns but carry either investment-service ratings that are below investment grade, or no ratings at all.

And the money is coming not just from traditional real estate investors.

"What you have is a marketplace that is obviously chasing yield, and real estate can produce the yield," said Stan Ross, managing partner of Kenneth Leventhal & Co., an accounting firm that specializes in real estate. "It's a signal that there is some capital returning to real estate. What is even more interesting is that many of these offerings are below investment grade."

Despite their mouth-watering yields, commercial mortgage securities are not for everyone. "These can be fabulous for smart investors, but they could be dangerous for people who don't understand the complexities," said Andrew Stone, a senior managing director at Daiwa Securities America.

Commercial mortgage securities make up one of the fastest-growing markets on Wall Street. With the growing acceptance of the notion that commercial real estate values have hit bottom, about \$12.2 billion in commercial mortgage securities were issued in 1992, up from \$4.3 billion in 1991 and \$920 million in 1990, according to Prudential Securities Inc.

This year's number will probably be higher, as private securities issuers rush into the market to take up the slack left by Resolution Trust Corp., the federal agency that disposes of the assets of failed

See RISK, Page 13

Money Pours Into The Mark

Compiled by Our Staff From Dispatches

NEW YORK—The Deutsche mark roared roughshod over major currencies Thursday, surging as a result of growing sentiment among money managers that the Bundesbank will maintain a tight money policy, dealers and analysts said.

"What the market is finally realizing is that German rates are not going to come down any time soon," said Stephen Smit, vice president at State Bank & Trust Co.

"We're seeing some fundamental swings in sentiment among fund managers," said the head of currency trading at a U.S. investment bank in London.

The dollar fell almost a penny and a half to close at 1.6450 DM, from 1.6590 DM on Wednesday. The U.S. currency began the week above 1.67 DM.

"Buy marks, sell something," said David Wilson, corporate dealer at Girocredit Bank, describing the market's sentiment favoring the mark over most other currencies.

The mark also rose strongly against the yen and European currencies, including those in the exchange-rate mechanism, the Swedish krona and the pound.

Lisa Pazer, currency analyst at See MARK, Page 12

Big Fish, Dwindling Pond

Martin Marietta Rises Through the Ranks

By Lawrence Malkin
International Herald Tribune

BETHESDA, Maryland—Nothing outside Russia has been more sharply affected by the end of the Cold War than the incredible shrinking U.S. defense industry. And no company seems more likely to emerge victorious from restructuring than Martin Marietta Corp., located on a leafy corporate campus here just a few miles around the Beltway from its prime client, the Pentagon.

Rather than cashing out or being

forced out of defense like some of its competitors, Martin Marietta has almost doubled its size by taking over General Electric Co.'s aerospace division to become the largest U.S. military manufacturer.

Company executives said they were heartened by the Defense Department's "bottom-up" review announced Wednesday, which leaves to the mercies of the marketplace surplus capacity in aerospace and allied Cold War companies competing with Martin Marietta.

Only a handful of companies making unique weapons such as nuclear submarines will be protected as part of the defense base, while the rest, said a company spokesman, will have to face "economic realities."

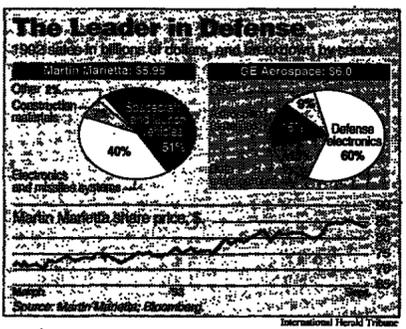
Thus the consolidation that has taken a generation in Europe, now America's main competitor in the world military market, has begun here—with a difference.

Defense specialists said the United States would avoid the pattern of single national champions that has emerged in Europe through such companies as British Aerospace PLC, Thomson-CSF of France, and Messerschmitt-Bölkow-Blommb Gmbh in Germany, each limited to its own small home market unless it joins in a consortium.

Taking advantage of America's larger size and military infrastructure, the specialists foresee a handful of large military producers organized around product specialties in the way Martin Marietta focuses on electronics.

"You need competition for vitality and innovation. Otherwise, you get bureaucratic ossification," said Murray Weidenbaum

See DEFENSE, Page 15



Murdoch Envisions TV 'With Worldwide Reach'

By Barry James
International Herald Tribune

Rupert Murdoch, the media tycoon, has announced plans to launch new satellite television channels with global reach, including an all-news network that will compete head-on with Cable News Network and the British Broadcasting Corp.'s World Service.

In a speech in London late Wednesday, Mr. Murdoch, exuding confidence after emerging from a deep financial crisis, gave a heady picture of how he expected broadcasting to develop now that he controls satellites spanning the entire world.

"We will introduce a wide range of new

programming, including an open university and educational channels," he told an audience that included Prime Minister John Major.

Without giving details or any kind of timetable, Mr. Murdoch added that his ambitions included "the creation of new channels with worldwide reach."

Mr. Murdoch was in London to launch a 14-channel pay-TV package identical to services already available in the United States, such as the Family Channel, headed by Pat Robertson, the television evangelist, and an all-shopping channel. The rest of the package includes channels dedicated to old U.S. movies and TV series, country music, pro-

grams for children and pop video. Apart from sports, the programming contains little original material compared with the offerings of the BBC and of independent television in Britain.

The success of the package depends on how many people can be persuaded to part with £20 a month for the entire range of channels. Only 15 percent of homes in Britain can receive satellite programs.

Mr. Murdoch's purchase last month of STAR TV, a satellite broadcaster based in Hong Kong, extended his reach to the Asia and Pacific region, and gave him theoretical access to virtually all of the world's television markets.

He said the projected news service, which will be extended to southern Africa next month, would be based on Sky News, a 24-hour satellite service that is half-owned by Mr. Murdoch's News Corp. and broadcasts to Britain, Ireland and northern Europe.

"Plans are well advanced to take Sky News, or a parallel service, to all the continents of the world, where we will be seeking local partners, both national and regional," Mr. Murdoch said.

Separately, News Corp. said Wednesday that it would buy the fifth-largest U.S. computer databank, Delphi Internet Services Inc., for an undisclosed price.

Independent Lashes Back

International Herald Tribune

The Independent newspaper described as a low blow Thursday the decision of its rival, The Times, to cut its price to 30 pence from 45 pence. It accused Rupert Murdoch, The Times' owner, of subsidizing that paper with satellite-TV profits in an attempt to drive The Independent to the wall.

"Murdoch has decided to crush his nearest rival," said The Independent.

Rolls-Royce to Make Rights Offer

Compiled by Our Staff From Dispatches

LONDON—Rolls-Royce PLC announced Thursday that it is seeking to fill its coffers through a rights offering of stock that will expand its capital base and help it complete development of technologies to carry it into the 21st century.

The company, which also reported a 35 percent rise in pretax profit Thursday, said that it planned to raise about £307 million (\$460 million) by selling new common shares to existing shareholders. Holders will get the right to buy one new share, for 130 pence, for every four they hold.

Shares of the aero-engine and electricity-generating-equipment maker fell 10 pence, to 153 pence, in London. Michael Towse, Rolls-Royce's finance director, said the company expected its stock to fall because of dilution, though he had anticipated share-discounting of only about 4 percent.

Pretax profit climbed to £31 million (\$46.5 million)

in the first half of 1993, from £20 million a year earlier. Revenue rose 7 percent to £1.75 billion from £1.64 billion in the first half of 1992.

Rolls-Royce attributed the profit boost largely to exchange-rate fluctuations. The 1992 figure also included a heavy charge for restructuring operations.

Chairman Ralph Robins said that "the rights issue will strengthen Rolls-Royce's competitive position and enable us to maintain a strong balance sheet whilst continuing with our capital investment program."

The aviation and aerospace markets remain mired in a slump that has lasted for three years now, with no clear end in sight. But investment in technology remains crucial for engine makers to build market share. Rolls-Royce currently spends about 7 percent of its annual revenue on research and says it intends to stick to that level.

(Bloomberg, AFK, AFP, Reuters)

CURRENCY & INTEREST RATES

Cross Rates	Sept. 2	Sept. 2	Sept. 2	Sept. 2
Australian dollar	1.53	1.53	1.53	1.53
British pound	1.64	1.64	1.64	1.64
Canadian dollar	0.71	0.71	0.71	0.71
Deutsche mark	1.65	1.65	1.65	1.65
French franc	6.55	6.55	6.55	6.55
Japanese yen	160	160	160	160
Swiss franc	1.48	1.48	1.48	1.48
U.S. dollar	1.00	1.00	1.00	1.00

Lee Iacocca Quits Board Of Chrysler

By Knight-Ridder

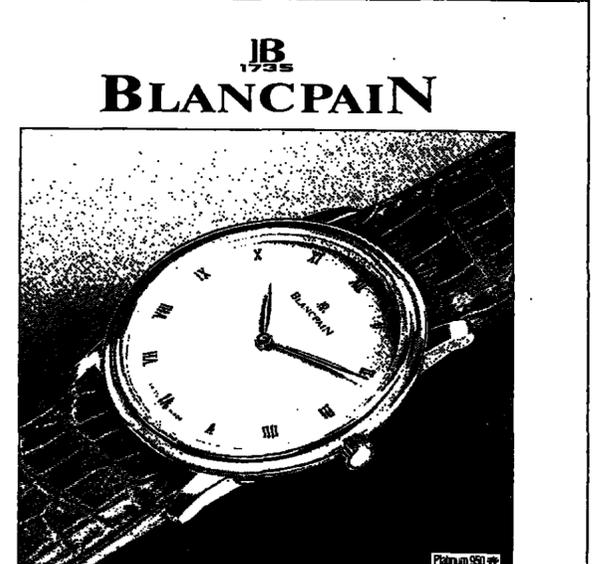
NEW YORK—Chrysler Corp. said Thursday that Lee Iacocca was quitting as a director and chairman of the executive committee of its board.

Mr. Iacocca, best known for leading the turnaround of the troubled automaker in 1979, retired as Chrysler's chairman at the end of last year but had been expected to stay on the board until the end of 1994.

The 68-year-old former chairman will continue to work part-time as a consultant for the automaker for the remainder of his two-year contract. He is to serve as a consultant until Dec. 31, 1994, and be paid the \$500,000 annual salary he has received in the 8 months since retiring, a spokesman said.

Source: Reuters, Bloomberg, Merrill Lynch, Bank of Tokyo, Commercial Bank, Greenwall, Hastings, Lyons.

Gold
Zurich 369.20
London 369.20
New York 369.20
U.S. dollars per ounce. London official bid. Source: Reuters.



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MARKET DIARY

Blue Chips Falter As Bonds Surge

NEW YORK—Concerns about weakness in the American economy sent blue-chip stocks sharply lower Thursday, while bond prices extended their recent sharp gains.

Some of the small-stock averages advanced because the issues they track are not as exposed to the economy as the big shares in the Dow Jones industrial average.

The Dow lost 19.00 points, to 3,626.10, and declining issues on the New York Stock Exchange outnumbered advances by an 8-to-7 ratio.

Most of the broad NYSE averages were lower, but the Nasdaq over-the-counter index rose 2.50 to a record 746.63, while the American Stock Exchange index added 2.31, to 461.28.

The strong Amex rise came despite a sharp fall in gold, which depressed prices of the mining issues found on the exchange.

The active December gold contract on the Commodity Exchange fell \$6.30 an ounce, to \$366.30. Its drop was an illustration of the growing idea that the U.S. economy is so weak that inflation was unlikely to be a problem in the near future.

Investors are starting to worry about the pace of the recovery, said Michael Landry, president of MacKenzie Investment Management Inc.

Concern centered on employment. Although the Labor Department said state initial unemployment claims last week fell 7,000, those receiving benefits rose 55,000.

"People are still not finding jobs," said Fred Leiner, market strategist at Continental Bank.

There was speculation the August employment report, to be released Friday morning, would fall to meet earlier expectations of 145,000 jobs added to the economy.

Stone & McCarthy Research Associates said Wall Street firms were talking about growth of only 50,000 to 75,000 jobs.

Adding pressure were comments by William Perry, deputy defense secretary, suggesting military spending cuts would cost "hundreds of thousands of jobs" at contractors.

Inflation fears were quashed. The bellwether 30-year bond rose 21/32, to 102.29/32 in late trading, slashing its yield to 6.04 percent from 6.08 percent.

Amid the gloom on Wall Street, drug stocks rose on a Washington Post report that President Bill Clinton would not propose price controls on health care.



Sept. 2

Table titled 'NYSE Most Actives' listing top trading volume stocks including Merck, Johnson & Johnson, and Pfizer.

Table titled 'AMEX Stock Index' showing market performance for the American Stock Exchange.

Table titled 'Dow Jones Bond Averages' showing yields and prices for various bond categories.

Table titled 'Market Sales' showing trading volume for NYSE, AMEX, and NASDAQ.

Table titled 'NYSE Diary' listing market news and price movements for major indices.

Table titled 'Amex Diary' listing market news and price movements for the AMEX.

Table titled 'NASDAQ Diary' listing market news and price movements for the NASDAQ.

Dow Jones Averages

Table showing Dow Jones Industrial Average, S&P 500, and NYSE Composite.

Table showing Standard & Poor's 500 Index and NYSE Composite.

Table showing NYSE Most Actives.

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EUROPEAN FUTURES

Table showing European futures prices for various commodities.

Table showing European futures prices for metals.

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Factory Orders Plunged 2.1% in July

WASHINGTON (Combined Dispatches)—The U.S. economy got more bad news on Thursday as factory orders posted their steepest drop in a year and a half.

Orders fell 2.1 percent in July, to a seasonally adjusted \$250.2 billion, pulled down by plunging orders for aircraft and communications equipment.

The Commerce Department said it was the worst decline since December 1991 and the fifth in seven months. Orders had risen 2.0 percent in June.

In general, manufacturing has been weak this year, in part because domestic demand has been soft and also because recessions in Europe and Japan have cut into U.S. export sales.

Major retailers reported modest increases in August sales as weak clothing purchases offset strong demand for appliances and consumer electronics.

Shopper traffic in malls and stores was light, said Jeffrey Edelman, a retail-industry analyst with C.J. Lawrence Inc. Although the back-to-school season began during August, "there's been an ongoing trend to buy things more at the time of need," he said.

RJR Nabisco Expects Weak Quarter

NEW YORK (UPI)—RJR Nabisco Holdings Corp. warned Thursday that it expected previously announced cuts in domestic cigarette prices to hurt its overall second-half earnings.

RJR said its tobacco unit's 1993 operating income before amortization of trademarks and goodwill could prove to be \$900 million below 1992's level of \$2.1 billion.

RJR cut premium-cigarette prices this year to keep pace with its rival, Philip Morris Cos.

Dr Pepper Adopts a 'Poison Pill'

DALLAS (Bloomberg)—Dr Pepper/Seven-Up Cos., concerned about a possible takeover bid by Cadbury Schweppes PLC, adopted Thursday a "poison pill" defense plan to thwart a hostile offer.

The move follows Cadbury's Aug. 20 purchase of 12.2 million Dr Pepper shares for \$23.3 million. The plan adopted by Dr Pepper would give shareholders a chance to buy additional shares at half price if the British company raised its stake further.

If that happened, Cadbury would have to pay significantly more to gain a controlling interest in Dr Pepper.

Barnes & Noble Plans Public Offer

NEW YORK (NYT)—Joining the fall rush to cash in on the appetite for new public stock offerings, Barnes & Noble Inc., the largest U.S. operator of book stores and owner of the B. Dalton, Doubleday and Scribner's bookstore chains, is planning to sell a stake in its future.

That future, the company says, is filled with almost 300 book superstores, which are fast becoming the libraries of choice for many readers.

The company said it planned to sell 8.2 million shares priced between \$16 and \$18 a share. That would raise around \$130 million, of which \$69 million would be used to fund the expansion of superstores.

The remaining \$61 million would go to buy back preferred stock owned by an investment group managed by Morgan Stanley.

QVC Hires Former Fox Executive

LOS ANGELES (UPI)—QVC Network Inc. said Thursday it had hired Stephen Chao, former president of Fox Television Stations and Fox News, to produce shows and products for its Q2 cable channel.

QVC said Mr. Chao, who was fired last year by Rupert Murdoch after hiring a male stripper to perform at an industry conference, had been hired to bring a "distinct California point of view" to the shows.

Avon Stock Drops on Profit Outlook

NEW YORK (Bloomberg)—Avon Products Inc. shares fell 8 percent Thursday after the company said it expected third-quarter earnings to be lower than the year-ago 75 cents a share.

Avon shares fell \$4.625 to \$54.825 on the New York Stock Exchange. The beauty-products company said earnings would be hurt by the sluggish U.S. economy and higher costs.

MARK: German Currency Soars

Continued from Page 11

MMS International, said West German industrial output data released Wednesday and a forecast Thursday from the DIW Institute of a 2 percent rise in 1993 gross

domestic product showed that the German economy appeared to be bottoming out faster than many market watchers had expected.

In addition, the said, comments Thursday by the central bank president, Helmut Schlesinger, "lend credence to the view that the Bundesbank will maintain rather than cut German interest rates in the short term at least," in order to hold inflation at check.

Mr. Schlesinger said that with German inflation still above 4 percent, "we simply cannot be satisfied in the longer run."

Ms. Pazer said that trading Thursday was unusually heavy ahead of Friday's U.S. employment report. The market believes the report is likely to confirm its view, based on this week's very weak U.S. data, that the U.S. economy is sluggish, she said.

"I suspect that the dollar may have topped against the mark for the year," said Marc Chagnon, senior market strategist at IDEA, a

Texaco Aided in Russia Deal

NEW YORK—Texaco Inc. signed an agreement Thursday that will lessen its risk in restoring oil production in Russia.

Under the agreement, a federal agency, the Overseas Private Investment Corp., will guarantee \$50 million and the Russian government will contribute \$25 million to an investment fund to back Texaco's \$80 million project to restore production of 150 wells in the giant Surgut field. The fund is intended to help overcome the reluctance of U.S. companies to invest in Russia due to the political uncertainties.

PalmeWebber Group Inc. launched the Russia Country Fund, which will give U.S. financial institutions the chance to invest directly in Russian companies, Reuters reported. The fund seeks to raise \$100 million.

WORLD STOCK MARKETS

Table showing world stock market performance for various regions.

Table showing world stock market performance for Europe.

Table showing world stock market performance for Asia.

Table showing world stock market performance for Latin America.

Table showing world stock market performance for Africa.

Table showing world stock market performance for Oceania.

Table showing world stock market performance for Middle East.

Table showing world stock market performance for Eastern Europe.

Table showing world stock market performance for Russia.

Table showing world stock market performance for China.

Table showing world stock market performance for India.

U.S. AT THE CLOSE

Table showing U.S. stock market closing prices for major indices.

Table showing U.S. stock market closing prices for individual stocks.

Table showing U.S. stock market closing prices for commodities.

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Table showing U.S. stock market closing prices for cotton.

Table showing U.S. stock market closing prices for wool.

Table showing U.S. stock market closing prices for sugar.

Table showing U.S. stock market closing prices for coffee.

Table showing U.S. stock market closing prices for cocoa.

Table showing U.S. stock market closing prices for rubber.

Table showing U.S. stock market closing prices for tin.

Table showing U.S. stock market closing prices for zinc.

Table showing U.S. stock market closing prices for nickel.

Table showing U.S. stock market closing prices for lead.

Table showing U.S. stock market closing prices for aluminum.

Table showing U.S. stock market closing prices for copper.

Handwritten note: 'The Dow' with a circled '1' and '1.50' written next to it.

Madrid Seeks a New Social Pact

Government Sees Deal as Only Way Out of Slump

Bloomberg Business News
LONDON — With Spain stuck in one of Europe's deepest recessions, the Socialist government has decided to change the laws that it believes are contributing to the economic malaise.

On Thursday, cabinet ministers, trade-union leaders and employers are gathered at the negotiating table to do battle over the "social pact," an agreement that could turn out to be a milestone in Spanish labor history.

Although Spain lifted itself out of dictatorship after General Francisco Franco's death in 1975, its labor market is still dominated by regulations established during his 36-year rule. Those rules give many workers lifetime job security and guaranteed wage increases, benefits that long since have been eliminated in other parts of Europe. The trade unions jealously guard these rights and are powerful enough to mobilize masses of workers to fight against any infringements.

A pact social among unions, employers and the government, first raised after last June's parliamentary elections, is the government's primary tool for fixing Spain's economic slump.

"Employers and workers are still living in two different worlds in Spain," said José-Luis Marqués, the personnel director at the Zaragoza plant of General Motors España. "The social pact could work for both sides in terms of better understanding. Also, it could help to bring Spain's productivity levels in line with other European countries."

After a decade of sizzling growth, gross domestic product in Spain is expected to shrink 0.5 percent this year. The nation also suffers from the worst unemployment in the European Community, with some 3 million

Spaniards, or 22.3 percent of the work force, unable to find jobs.

Prime Minister Felipe González, who has been in power for 11 years but now heads a minority government, has publicly backed the three-party social pact as the remedy for what ails the economy.

The social pact revolves around an agreement to restrict wage growth and reform the labor market to boost overall employment. The government outlined a broad agenda for

'Employers and workers are still living in two different worlds in Spain.'

José-Luis Marqués, General Motors España

the negotiations that started Thursday. It is keeping silent, however, about the degree to which it wants to ease workers' rights.

But it is no secret what Spain's employers want. They would like to get rid of rules that guarantee workers two years' pay and benefits, on average, if they are fired to save the company money. Spanish newspapers, political commentators and economists say the government is likely to push for this change.

Trade unionists have made it abundantly clear that they find many of the changes under consideration unacceptable. Spain's two major unions, the General Union of Workers, which has strong links with the ruling Socialist party, and the Workers' Com-

mmissions, or CCOO, which has traditionally

been allied with the Communist Party, intend to present a united front during the talks. Both unions have said the plan will do little to ease the nation's unemployment.

To soothe them, the plan the government has been floating calls on employers and investors to make some sacrifices.

Among the few specifics of the pact that have been released is a proposal that unions accept pay raises of no more than 2.5 percent in 1994 and below-inflation increases in 1995. Any increases in 1996 will, under the pact, depend on the state of improvements in the economy.

Spanish companies also would like to be able to lay off workers temporarily, to adjust production levels — a move that is currently impossible without union consent. Rules preventing companies from moving an employee or altering his job description without the worker's own consent are also high on the government's labor-market reform agenda.

A top objective of the pact is to attract more foreign investment into Spain. That is more difficult, economists say, if wages are higher and labor-market regulations stricter than elsewhere in Europe.

Spain's worker-protection laws are among the most rigid on the Continent. It is very hard — and expensive — for employers to fire workers.

Although the economy is shrinking, Spanish workers will enjoy average wage increases of about 7 percent this year, far above inflation, which is running at a 4.9 percent rate. In the past five years, wages have increased 50 percent, because of contractual clauses and an indexing system that links raises to inflation and ensure real-wage boosts of at least 2 percent for almost three-fifths of the work force.

Belgium Raises Key Rates to Save Franc's Peg to Mark

Compiled by Our Staff From Dispatches

BRUSSELS — The Belgian National Bank raised its key interest rates Thursday and intervened in the currency market to defend the weakening franc, in a show of central bank resolve to maintain Belgium's strong-currency policy.

The central bank raised its discount rate to 7.0 percent from 6.0 percent and the central money-market rate to 10.50 percent from 9.50 percent.

The governor, Alfons Verplaetse, had on Wednesday reaffirmed the policy of keeping the Belgian franc pegged to the mark. He said the bank was prepared to defend the policy by keeping interest rates high.

In late trading, the franc traded at 21.495 to the mark, stronger than 21.542 Wednesday. Late in the day, the National Bank confirmed it had intervened in the market, buying francs for Deutsche marks.

Belgium's three-month interbank lending rate rose to 12.125 percent from 11.063 percent on Wednesday.

The closely watched 10-year bond yield spread over Germany rose past the key 100-basis point level to 107 basis points.

Some analysts said Belgium's ballooning budget deficit, heavy debt and system of indexing wages increases to inflation, would continue to hurt confidence in the currency.

Bundesbank's Hard Line

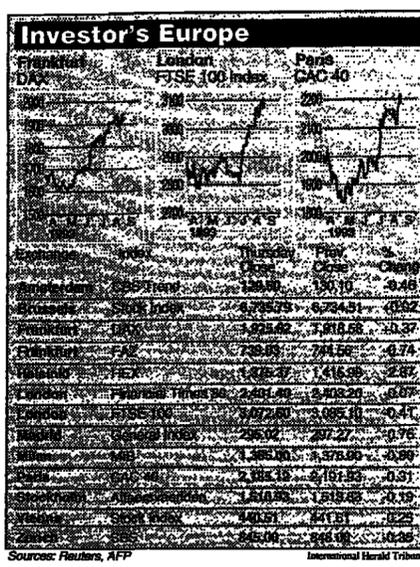
Helmut Schlesinger, the president of the Bundesbank, said Thursday that the Deutsche mark and domestic interest rates must remain attractive to foreign investors because of Germany's need to finance its current-account deficit. AFP-Extel News reported from Frankfurt.

In a speech for delivery at a seminar in Friedrichshafen, he said: "Germany must remain attractive for foreign investors as far as domestic stability, the exchange rate of the mark and interest rates are concerned."

Mr. Schlesinger said that the Bundesbank's policy of gradually lowering interest rates was the best contribution it could make to help the economy to recover.

But he also said: "We must not forget that the economy will recover on its own," whereas "inflationary tendencies do not fall permanently by themselves, but only with the help of the right monetary policy."

Mr. Schlesinger said Germany's current inflation rate of more than 4 percent was intolerable in the long term. But referring to stagnation of producer prices in industry and special factors boosting consumer prices, he added: "It is true there are signs that price developments could become calmer."



Sources: Reuters, AFP. International Herald Tribune

Very briefly:

- Vickers PLC, which makes military equipment and Rolls-Royce cars, swung to a pre-tax profit of 28.3 million (£12.5 million) in the first half of 1993 from a \$4.1 million loss a year earlier.
- GEC Alsthon NV and Skoda Plzen offered to build Prague subway trains at a lower price than the contract winner, a consortium of Siemens AG, AEG AG and CKD Praha, the Czech news agency CTK reported.
- Investcorp SA, the Bahrain-based investment bank, said it had acquired the 50 percent of the German clothing maker Mollat it did not already own.
- Nordbanken expects Sweden's gross domestic product to rise 2.4 percent in 1994 after the economy shrinks 1.6 percent this year.
- Pharmacia will be the name of the medical company to be created when the Swedish food and drug concern Procter & Gamble AB is split in two.

Swiss Bank Doubles Income

Compiled by Our Staff From Dispatches

ZURICH — Swiss Bank Corp. said Thursday that net profit had nearly doubled in the first half of the year, to 719 million Swiss francs (\$485 million), helped by a jump in trading and derivatives income.

Net profit was up from an estimated 364 million francs in the same period last year. Swiss Bank has decided to follow European Community accounting standards,

and this is the first time first-half results have been released. Operating income rose 33.6 percent, to 4,378 billion francs, while gross operating profit rose 75 percent, to 2,176 billion francs.

Chairman Walter Frehner said SBC would report a larger net profit for the whole of 1993 than the previous year's figure of 1,006 billion francs.

RISK: Boom in Paper Backed by Commercial Property

Continued from Page 11

savings and loans. The RTC was the largest issuer in the market last year, but it has packaged far fewer loans this year.

Residential mortgages have long been made into packages of securities, but commercial-mortgage packaging is fairly new.

Many of the new securities are made up of loans bought from banks, savings and loans and insurance companies, which have continued to reel from bad real estate loans.

The collapse of the commercial real estate market that followed the boom of the 1980s chased many investors out of the market. But in the last year or so there has been a surge of interest, both from investors who do not want buildings, but securities, and from buyers of buildings who are bottom-fishing.

Some of the professional real estate investors are

buying the securities with the idea of getting buildings should the underlying loans go wrong. Some pools of mortgages, especially those composed of delinquent or otherwise troubled mortgages, are typically backed by a reserve fund of assets to be used as security in case any of the loans fail to pay off.

The new securities deals are varied. Here are a few examples:

• The RTC has issued \$14 billion in mortgage-backed bonds.

• In one of the more esoteric deals, Daiwa cut up \$193 million in mobile-home park mortgages into seven slices of securities ranging from a top slice, with a rating of AA, by Standard & Poor's — its second-highest rating — and a floating rate, down to two unrated offerings that were sold privately with undisclosed returns.

Acquisitions Lift Bowater Earnings

Bloomberg Business News

LONDON — Bowater PLC, Britain's largest packaging company, announced Thursday a 64 percent jump in first-half pretax profit but said the faltering economic recovery left little room for optimism.

Boosted by acquisitions, pretax profit surged to £102.6 million (\$154.3 million) in the first half.

Stripping out exceptional and currency gains, the results were in line with market forecasts.

But the gloomy outlook knocked 17 pence off Bowater's stock price, which closed at 495 pence.

Rhône-Poulenc's Profit Slips, Scant Upturn Seen

Compiled by Our Staff From Dispatches

PARIS — Rhône-Poulenc SA, France's largest chemical company, said Thursday that it had an operating profit of 3.38 billion francs (\$579 million) for the first half of 1993, down 15.7 percent from the same period last year, and predicted that profit for the year would be less than in 1992.

"Unless trading conditions encountered in the first half of the year improve in the second half, it is likely that results for the full year will be lower than 1992," said Jean-René Fortou, chairman of the company.

Mr. Fortou said he found it hard to understand why the company's shares had risen over the past year.

NASDAQ

Thursday's Prices
NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12 Month High	Low	Stock	Div	Yld	PE	52	High	Low	Latest	Open
1.00	0.75	IBM	0.00	4.8	15.0	100	100	100	100	100
1.25	0.90	Microsoft	0.00	12.0	10.0	100	100	100	100	100
1.50	1.10	Oracle	0.00	15.0	10.0	100	100	100	100	100
1.75	1.30	Sun	0.00	18.0	10.0	100	100	100	100	100
2.00	1.50	Intel	0.00	20.0	10.0	100	100	100	100	100
2.25	1.70	HP	0.00	22.0	10.0	100	100	100	100	100
2.50	1.90	Compaq	0.00	24.0	10.0	100	100	100	100	100
2.75	2.10	Dell	0.00	26.0	10.0	100	100	100	100	100
3.00	2.30	Gateway	0.00	28.0	10.0	100	100	100	100	100
3.25	2.50	Emulex	0.00	30.0	10.0	100	100	100	100	100
3.50	2.70	Perceptics	0.00	32.0	10.0	100	100	100	100	100
3.75	2.90	NetScout	0.00	34.0	10.0	100	100	100	100	100
4.00	3.10	NetScout	0.00	36.0	10.0	100	100	100	100	100
4.25	3.30	NetScout	0.00	38.0	10.0	100	100	100	100	100
4.50	3.50	NetScout	0.00	40.0	10.0	100	100	100	100	100
4.75	3.70	NetScout	0.00	42.0	10.0	100	100	100	100	100
5.00	3.90	NetScout	0.00	44.0	10.0	100	100	100	100	100
5.25	4.10	NetScout	0.00	46.0	10.0	100	100	100	100	100
5.50	4.30	NetScout	0.00	48.0	10.0	100	100	100	100	100
5.75	4.50	NetScout	0.00	50.0	10.0	100	100	100	100	100
6.00	4.70	NetScout	0.00	52.0	10.0	100	100	100	100	100
6.25	4.90	NetScout	0.00	54.0	10.0	100	100	100	100	100
6.50	5.10	NetScout	0.00	56.0	10.0	100	100	100	100	100
6.75	5.30	NetScout	0.00	58.0	10.0	100	100	100	100	100
7.00	5.50	NetScout	0.00	60.0	10.0	100	100	100	100	100
7.25	5.70	NetScout	0.00	62.0	10.0	100	100	100	100	100
7.50	5.90	NetScout	0.00	64.0	10.0	100	100	100	100	100
7.75	6.10	NetScout	0.00	66.0	10.0	100	100	100	100	100
8.00	6.30	NetScout	0.00	68.0	10.0	100	100	100	100	100
8.25	6.50	NetScout	0.00	70.0	10.0	100	100	100	100	100
8.50	6.70	NetScout	0.00	72.0	10.0	100	100	100	100	100
8.75	6.90	NetScout	0.00	74.0	10.0	100	100	100	100	100
9.00	7.10	NetScout	0.00	76.0	10.0	100	100	100	100	100
9.25	7.30	NetScout	0.00	78.0	10.0	100	100	100	100	100
9.50	7.50	NetScout	0.00	80.0	10.0	100	100	100	100	100
9.75	7.70	NetScout	0.00	82.0	10.0	100	100	100	100	100
10.00	7.90	NetScout	0.00	84.0	10.0	100	100	100	100	100
10.25	8.10	NetScout	0.00	86.0	10.0	100	100	100	100	100
10.50	8.30	NetScout	0.00	88.0	10.0	100	100	100	100	100
10.75	8.50	NetScout	0.00	90.0	10.0	100	100	100	100	100
11.00	8.70	NetScout	0.00	92.0	10.0	100	100	100	100	100
11.25	8.90	NetScout	0.00	94.0	10.0	100	100	100	100	100
11.50	9.10	NetScout	0.00	96.0	10.0	100	100	100	100	100
11.75	9.30	NetScout	0.00	98.0	10.0	100	100	100	100	100
12.00	9.50	NetScout	0.00	100.0	10.0	100	100	100	100	100

12 Month High	Low	Stock	Div	Yld	PE	52	High	Low	Latest	Open
1.00	0.75	IBM	0.00	4.8	15.0	100	100	100	100	100
1.25	0.90	Microsoft	0.00	12.0	10.0	100	100	100	100	100
1.50	1.10	Oracle	0.00	15.0	10.0	100	100	100	100	100
1.75	1.30	Sun	0.00	18.0	10.0	100	100	100	100	100
2.00	1.50	Intel	0.00	20.0	10.0	100	100	100	100	100
2.25	1.70	HP	0.00	22.0	10.0	100	100	100	100	100
2.50	1.90	Compaq	0.00	24.0	10.0	100	100	100	100	100
2.75	2.10	Dell	0.00	26.0	10.0	100	100	100	100	100
3.00	2.30	Gateway	0.00	28.0	10.0	100	100	100	100	100
3.25	2.50	Emulex	0.00	30.0	10.0	100	100	100	100	100
3.50	2.70	Perceptics	0.00	32.0	10.0	100	100	100	100	100
3.75	2.90	NetScout	0.00	34.0	10.0	100	100	100	100	100
4.00	3.10	NetScout	0.00	36.0	10.0	100	100	100	100	100
4.25	3.30	NetScout	0.00	38.0	10.0	100	100	100	100	100
4.50	3.50	NetScout	0.00	40.0	10.0	100	100	100	100	100
4.75	3.70	NetScout	0.00	42.0	10.0	100	100	100	100	100
5.00	3.90	NetScout	0.00	44.0	10.0	100	100	100	100	100
5.25	4.10	NetScout	0.00	46.0	10.0	100	100	100	100	100
5.50	4.30	NetScout	0.00	48.0	10.0	100	100	100	100	100
5.75	4.50	NetScout	0.00	50.0	10.0	100	100	100	100	100
6.00	4.70	NetScout	0.00	52.0	10.0	100	100	100	100	100
6.25	4.90	NetScout	0.00	54.0	10.0	100	100	100	100	100
6.50	5.10	NetScout	0.00	56.0	10.0	100	100	100	100	100
6.75	5.30	NetScout	0.00	58.0	10.0	100	100	100	100	100
7.00	5.50	NetScout	0.00	60.0	10.0	100	100	100	100	100
7.25	5.70	NetScout	0.00	62.0	10.0	100	100	100	100	100
7.50	5.90	NetScout	0.00	64.0	10.0	100	100	100	100	100
7.75	6.10	NetScout								

Zhu Urges Spending on Agriculture

BEIJING — China's economic chief has called for money to be spent on agriculture instead of new office buildings as evidence mounts that farmers are falling further behind in the race for prosperity.

The official press on Thursday quoted Deputy Prime Minister Zhu Rongji, on a tour of rural Inner Mongolia, as saying money must not be wasted on unnecessary construction projects.

Thais Await U.S. Decision Ruling on Trade Will Affect Exports

BANGKOK — The U.S. trade representative, Mickey Kantor, is expected to rule Friday on Thailand's bilateral trade status, a decision that will have broad impact on Thai exports.

land's largest export market, taking \$7.3 billion-worth of Thai goods in 1992.

Mieno Insists BOJ Is Not Considering Discount-Rate Cut

TOKYO — Yasushi Mieno, the Bank of Japan governor, said Thursday the central bank was not considering a reduction of its discount rate for the present.

looking for economic growth. "I get the feeling that the BOJ has revised its view of the economy," said Nobuyuki Saji, economist at Nikko Research Institute.

Investor's Asia table with columns for Country, Market, and various financial indicators.

Very briefly:

- Japan Air Lines said it would transfer part of its aircraft-maintenance operations to China with the purchase of a 10 percent stake in China's Taihoo Aircraft Engineering Co.

Sakura, DKB Ratings at Risk

TOKYO — Moody's Investors Service said Thursday it was reviewing the long-term credit ratings of Japan's Dai-ichi Kangyo Bank Ltd. and Sakura Bank Ltd.

Moody's said it would also examine the factors behind DKB's historically poor profitability.

The review of Sakura affects the A1 rating for senior debt, long-term deposits and long-term letters of credit of DKB and three guaranteed subsidiaries.

Apple May Buy NEC Screens

TOKYO — NEC Corp. is negotiating with Apple Computer Corp. to supply color liquid-crystal display screens for Apple's notebook computers.

business and technology newspaper that NEC will supply liquid-crystal displays to Apple starting in October at a rate of 5,000 LCD screens a month.

DEFENSE: Martin Marietta, With a Focus on Electronics, Leads the Dwindling Pack of Pentagon Contractors in the Post-Cold-War U.S.

Continued from Page 11 of Washington University in St. Louis, Missouri, author of "Small Wars, Big Defense."

chief economist of Boeing Co. Martin Marietta's annual sales, including GE, total about \$1.2 billion, and it has a bulging order book with a backlog of \$2.8 billion.

planing by the company's chairman, Norman R. Augustine, an aerospace engineer and former Pentagon official.

economy was in deep trouble. It was a window of opportunity to get a healthy balance sheet, not take too many fixed-price contracts, and wait to buy defense companies when they were a real bargain.

Grumman Corp., Lockheed Corp., McDonnell Douglas Corp., Northrop Corp. and Raytheon Co. Mr. Augustine said he wished the rest would hurry up and merge into a handful of healthy companies instead of nervously eyeing each other, hoping a competitor would self-destruct.

putting the stuff on the airframes, because it changes, and they don't," Mr. Augustine said. Moreover, some of the technology can be applied by governments to civilian uses such as airport guidance and postal sorting.

But by most accounts, the future market of military companies will be similar to their past, although the customers may be different.

Permanent alliances also are out because defense, he said, is subject to national policy, "and the last thing you want to do is hand out weapons the way you hand out soap."

Because of its large market and wider variety of weapons on offer, Robert Paulson, a defense specialist with McKinsey & Co., said the United States was likely to retain its dominance. Another reason, he said, was America's insatiable demand for advanced technology to cut casualties with such weapons as Tomahawk missiles and other computerized guidance systems.

AMEX Thursday's Closing

Tables include the nation's price up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Large financial table with multiple columns for stock prices, including AMEX, NYSE, and various international markets.

Handwritten Arabic text: هكذا من الأصل

SPORTS U.S. OPEN

Sampras, Out-Aced, Still Gains 3d Round



Andrei Cherkasov was halted by a knee injury during his second-round match against Arnaud Boetsch.

Compiled by Our Staff From Dispatches
NEW YORK — Pete Sampras overcame the 24-year-old Czech Republic to move into the third round of the U.S. Open.

Sampras, the Wimbledon champion who is seeded No. 2 at the Open, is usually the man with the most aces. But although Vacek won that battle, 24-17, Sampras had more power overall and won, 6-4, 5-7, 6-2, 7-6 (7-5).

Playing before a stadium crowd that included the actress Sophia Loren, Sampras kept his serve under control, double-faulting just three times in the 2½-hour match and winning 91 percent of his first-serve points.

Vacek broke Sampras to win the second set but had problems with his forehead throughout the match and ended it by sending a forehead lunge, his 43rd unforced error of the day.

"The guy served huge," Sampras said. "Very dangerous player."

"This summer I lost to a couple of serve-and-volleyers, and this gives me a lot of confidence for the tournament," Sampras added. "It was a good match to get under my belt."

The spate of injuries and illness that has hit the Open continued. A knee injury forced Carl-Uwe Steeb of Germany out of his second-round match against Arnaud Boetsch of France, with Boetsch leading, 6-4, 6-1, 0.

Boetsch will play Sampras in the third round.

Thomas Muster of Austria, seeded No. 12, advanced to the third

round with a 6-4, 6-0, 6-3 victory over Aaron Krickstein of the United States, a semifinalist at the Open in 1989.

After a night of rain, the fourth day of the Open began under thick clouds, with fourth-seeded Boris Becker still waiting to play his first-round match against Andrei Cherkasov of Russia. Edberg was due to play Karel Novacek of the Czech Republic.

Russian 14th seed Alexander Volkov split a pair of tie-breaks with South African qualifier Kevin Ullyett before taking control, posting a 6-7, 7-6, 6-1, 6-3 victory to advance to the third round.

Volkov, who beat Edberg here in 1990, next faces Israeli Amos Mansour.

Several women took places in the third round on Thursday, led by the second-seeded former French Open champion, Arantxa Sanchez-Vicario of Spain.

She spotted Linda Harvey-Wild of the United States the first two games, then raced to a 6-2, 6-2 victory in exactly one hour.

Fourteenth seed Nathalie Tauziat of France was a 6-4, 6-1 winner over Kristie Boogert of the Netherlands.

But Leila Meskhi of Georgia, who sent seventh-seeded Jennifer Capriati home with a huge first-

round upset, received a sound 6-1, 6-2 thrashing from Katerina Maleeva of Bulgaria, who was not seeded this year after her ranking dropped to 21st.

Lisa Raymond, the two-time National Collegiate Athletic Association women's champion in the United States, was eliminated in

the second round by Natalia Zvereva, 6-4, 6-1. It was an earlier-than-expected exit for Raymond, who reached the fourth round at Wimbledon just after turning pro this summer and said she expected to crack the top 20 by the end of the year.

"I set very high goals for myself, and sometimes, you know, I put too much pressure on myself to try to achieve those goals too fast," Raymond said.

But still around was the tournament's luckiest loser, Argentina's Maria Jose Gaidano, who made the field only through the last-minute illness of the sixth-seeded Mary Joe Fernandez.

Gaidano, a loser in the qualifying rounds, reached the third round of the main draw by beating Emanuela Zardo, 6-4, 6-1.

Becker and Cherkasov got in only two points Wednesday night before the rains came. But while they made only a cameo appearance, Goran Ivanisevic and Mats Wilander worked overtime.

The 11th-seeded Ivanisevic

closed out a straight-set victory over Canada's Daniel Nestor with a record-breaking 20-18 third-set tiebreaker. It was the longest tiebreaker in U.S. Open men's singles, and the longest in men's singles since Bjorn Borg and Premit Lal of India played a 20-18 tiebreaker in the first round at Wimbledon in 1973.

When the 6-4, 7-6 (7-5), 7-6 (20-18) match was over, Ivanisevic had 19 aces, Nestor 14. Ivanisevic had six double faults, Nestor eight.

And in the game-winning tiebreaker, Ivanisevic cashed in his seventh match point while Nestor failed to convert seven set points.

"Every time I had match point, he played unbelievable," said Ivanisevic, who finally closed out the match with a ferocious forehand passing shot.

"It was easier, but it doesn't matter. A win is a win."

Wilander, who won this hard-court Grand Slam tournament in 1988, won his first-round match over Jaime Oncina, 7-5, 7-6 (7-2), 7-6 (18-16).

But Ivan Lendl retired with a knee injury while trailing Neil Borwick of Australia, 4-6, 6-3, 3-1.

The top women didn't have any trouble at all, with straight-set victories coming from No. 1 Steffi Graf, No. 4 Conchita Martinez, No. 5 Gabriela Sabatini, No. 8 Jana Novotna, No. 9 Anke Huber, No. 13 Mary Pierce and No. 15 Amanda Coetzer.

Mamula Maleeva-Fragniere of Switzerland, the women's 11th seed, won her second-round match, but tore a tendon in the little finger of her left hand while warming up for a doubles match with her sister, Magdalena Maleeva of Bulgaria.

(AP, Reuters)

Results From the U.S. Open Tournament

Men's Singles, First Round

Wally Masur, Australia, def. Thomas Carbonell, Spain, 6-4, 6-2, 6-1; Richard Fromberg, Australia, def. Kenny Thorne, United States, 6-1, 6-7 (5), 6-4, 6-1; Todd Woodbridge, Australia, def. Marc Rosset, Switzerland, 5-7, 6-4, 6-1, 7-5; Neil Barwick, Australia, def. Ivan Lendl (13), United States, 6-4, 6-3, 6-1; Patrick Kuitert, Germany, def. Byron Steffen, United States, 6-4, 7-6 (4), 6-4, 6-1.

Second Round

Arnaud Boetsch, France, def. Carl-Uwe Steeb, Germany, 6-4, 6-4, 10 retired; Arantxa Sanchez-Vicario, Spain, def. Arantxa Sanchez-Vicario, Spain, 6-4, 6-2, 6-1; Petr Sampras (2), United States, def. Daniel Vacek, Czech Republic, 6-4, 5-7, 6-0, 7-6 (7-5); Thomas Muster (14), Austria, def. Aaron Krickstein, United States, 6-4, 6-4, 6-3; Lleyton Hewitt, Australia, def. Arantxa Sanchez-Vicario, Spain, 6-4, 6-1, 6-1; Conchita Martinez (4), Spain, def. Amy Frazier, United States, 6-1, 6-4; Justin Wiener, United States, def. Nathalie Tauziat, France, 6-4, 6-2; Gabriela Sabatini (5), Argentina, def. Rana Shimizu, Japan, 6-4, 6-4; Brenda Schultz-McCarthy, Netherlands, def. Silke Meiler, Germany, 6-4, 6-3; Sabine Hack, Germany, def. Karine Grewener, France, 6-4, 6-1.

Women's Singles, First Round

Kimiko Date, Japan, def. Andrea Keller, United States, 6-4, 6-2; Mary Pierce (2), France, def. Nicole Pietrangeli, United States, 6-2, 6-4; Natalia Zvereva, Belarus, def. Lisa Raymond, United States, 6-4, 6-1; Barbara Rittner, Germany, def. Sandra Cecchini, Italy, 6-1, 6-2; Karina Haboudova, Czech Republic, def. Dominique Monami, Belgium, 6-4, 6-4; Maria Jose Gaidano, Argentina, def. Emanuela Zardo, Switzerland, 6-4, 6-1; Kimberly Po, United States, def. Sandra Costello, United States, 6-4, 6-2; Katerina Maleeva, Bulgaria, def. Leticia Meskhi, United States, 6-4, 6-2; Nathalie Tauziat (14), France, def. Kristie Boogert, Netherlands, 6-4, 6-4; Conchita Martinez, Spain, def. Eleni Lambrinou, United States, 6-4, 6-2; Olga Ponomareva, Kazakhstan, 6-4, 6-3; Olga Ponomareva, Kazakhstan, def. Lori McNeil, United States, 6-4, 6-2; Christy Strydom, Germany, def. Meike Bech, Germany, 7-6 (7-4), 6-2.

Women's Singles, Second Round

Kimiko Date, Japan, def. Andrea Keller, United States, 6-4, 6-2; Mary Pierce (2), France, def. Nicole Pietrangeli, United States, 6-2, 6-4; Natalia Zvereva, Belarus, def. Lisa Raymond, United States, 6-4, 6-1; Barbara Rittner, Germany, def. Sandra Cecchini, Italy, 6-1, 6-2; Karina Haboudova, Czech Republic, def. Dominique Monami, Belgium, 6-4, 6-4; Maria Jose Gaidano, Argentina, def. Emanuela Zardo, Switzerland, 6-4, 6-1; Kimberly Po, United States, def. Sandra Costello, United States, 6-4, 6-2; Katerina Maleeva, Bulgaria, def. Leticia Meskhi, United States, 6-4, 6-2; Nathalie Tauziat (14), France, def. Kristie Boogert, Netherlands, 6-4, 6-4; Conchita Martinez, Spain, def. Eleni Lambrinou, United States, 6-4, 6-2; Olga Ponomareva, Kazakhstan, 6-4, 6-3; Olga Ponomareva, Kazakhstan, def. Lori McNeil, United States, 6-4, 6-2; Christy Strydom, Germany, def. Meike Bech, Germany, 7-6 (7-4), 6-2.

SCOREBOARD

BASISBALL

Major League Standings

Table showing Major League Standings for American League and National League, including teams like Toronto, New York, Baltimore, Detroit, Boston, Cleveland, Milwaukee, etc.

NATIONAL LEAGUE

Table showing National League Standings for East Division and West Division, including teams like Philadelphia, St. Louis, Houston, San Francisco, Los Angeles, etc.

Wednesday's Line Scores

Table showing Wednesday's Line Scores for American League and National League, including teams like Kansas City, Detroit, Toronto, etc.

Japanese League

Table showing Japanese League Standings for Central League and Pacific League, including teams like Chunichi, Yomiuri, Hanshin, etc.

Transactions

Transactions section listing player movements, trades, and signings between various teams.

DETROIT

DETROIT—Cal Thomas McLarnan, right arm; Jeff Robinson, corner back; Leonard Brown, corner back; and Mike Iaconelli, safety, recalled from the minors.

PHILADELPHIA

PHILADELPHIA—Cal Mark Duer and Ozzie Smith, infielders; Steve Largent, cornerback; Eric Decker, tight end; and Tony Stewart, wide receiver, recalled from the minors.

SOCCER

EUROPEAN CUP

EUROPEAN CUP—Dynamo Tbilisi (Georgia) 1, Dynamo Tbilisi 2-3 on aggregate. Real Madrid (Spain) 1, Real Madrid 2-1 on aggregate.

CRICKET

CRICKET—South Africa 1, South Africa 2-1 on aggregate. Sri Lanka 1, Sri Lanka 2-1 on aggregate.

ANNOUNCEMENTS

THE AMERICAN UNIVERSITY OF PARIS

ANNOUNCEMENTS section listing various services and programs offered by The American University of Paris.

PERSONALS

PERSONALS section listing legal notices, lost and found items, and other personal announcements.

ANNOUNCEMENTS

THE AMERICAN UNIVERSITY OF PARIS

ANNOUNCEMENTS section listing various services and programs offered by The American University of Paris.

FREE INFORMATION SESSION ON TRAINING & CAREERS IN TECHNICAL WRITING

FREE INFORMATION SESSION ON TRAINING & CAREERS IN TECHNICAL WRITING section listing details for a free information session.

BUSINESS MESSAGE CENTER

BUSINESS MESSAGE CENTER section listing various business services and contact information.

READERS ARE ADVISED

READERS ARE ADVISED section listing notices and information for readers.

BUSINESS OPPORTUNITIES

BUSINESS OPPORTUNITIES section listing various business opportunities and investment options.

BISH NON-RESIDENT COMPANIES E195

BISH NON-RESIDENT COMPANIES E195 section listing information for non-resident companies.

KALLBACK DIRECT

KALLBACK DIRECT section listing contact information for Kallback Direct.

FINANCIAL SERVICES

FINANCIAL SERVICES section listing various financial services and investment options.

ANNOUNCEMENTS

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TEACH ENGLISH

TEACH ENGLISH section listing information for teaching English.

MOVING

MOVING section listing various moving services and contact information.

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ESORTS & GUIDES

BELGRAVIA ORCHIDS

BELGRAVIA ORCHIDS section listing contact information for Belgravias Orchids.

BELE EPOCH

BELE EPOCH section listing contact information for Bele Epoch.

INTERNATIONAL CLASSIFIED

ESORTS & GUIDES

ESORTS & GUIDES section listing contact information for escorts and guides.

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OBSERVER

Frequent-Liar Program

By Russell Baker
NEW YORK — The government's story, which may be a lie, is that the scheme to make illegal loans of \$5 billion to Iraq was the work of five branch-bank employees in Atlanta. They worked for the Atlanta branch of Italy's Banca Nazionale del Lavoro with headquarters in Rome, and the deed was done back during the Bush administration when Washington still thought Saddam Hussein was one of the good guys.

Five billion seems a considerable sum for an American branch of an Italian bank to be dispensing without so much as an "O.K. by you?" to the home office in Rome, but the Justice Department says, believe it or not, that's the way it happened.

Naturally, patriotic Americans will assume the government is lying. That's because the government is supposed to lie about such matters. Throughout the Cold War it lied about matters far more scandalous because it had to protect the national security. It was lying for the public good.

To protect the country the CIA was licensed to spread lies abroad. Never mind that the world had become so small that these patriotic motivated lies would be circulating back to the U.S. before they were a day old.

Sometimes the CIA even had to lie, without official license of course, to Congress. Who had the loosest lip in America? Congress. Tell Congress what was up, and you might as well broadcast it to Moscow Station.

Sure, lying to Congress was deplorable, but sometimes it had to be lied to for good patriotic reason. Not all Americans, of course, reasoned this way, but enough did so that presidents could rest Congress with content and get away with it by pleading "national security."

Since the country has become hardened to the assumption that the government is a frequent liar, bad things have followed. There has been the loss of faith in government as an honorable enterprise. This has strengthened the know-nothings by reinforcing their slogan that "government is the problem, not the solution." Once a government is widely recognized as

a frequent liar, it is undeniably a problem, all right.
It has also added to the growing public disgust with politics and government, which repels people from taking part in public affairs. This amounts to subverting democracy itself.

Moreover, it has created a corrosive cynicism. "Fool me once, shame on thee; fool me twice, shame on me," goes the old rule of self-preservation. Thus we are inevitably tempted to assume that Attorney General Janet Reno was not leveling with us last week when she defended the Justice Department's handling of the Atlanta bank loan to Iraq.

Last year, President Bush's attorney general, William Barr, declining to have an independent counsel investigate it, declared that Justice had handled it correctly. In effect, the Bush people insisted that branch-bank small fry had engineered the Iraq loan on their own and that Bush administration heavyweights had not conspired with Italy to arm Iraq before the Gulf war.

Federal Judge Marvin Shoob, who tried the Atlanta case, is skeptical. Only "in never-never land," he said last week, could a small branch bank have carried out the loan scheme without the home office's knowledge. He has sentenced the five Atlanta employees to probation or home detention, saying: "It would be the height of hypocrisy to sentence these defendants as if this were a simple case of wrongdoing by a branch's employees."

It's depressing being forced to ponder that Attorney General Reno may not be giving it to us straight from the shoulder. Still, with speculation involving the CIA and an Italian government already in grave trouble, this is precisely the kind of matter in which the government has felt obliged to lie in the past for "national security."

It's one more example of how our Cold-War heritage corrupts and poisons relations between government and people.
Campaigning for president, Bill Clinton promised a review of the Italian banking case if elected. Reno's statement last week said "a thorough independent investigation" had given justice no reason to change its opinion. Case closed. Quit gnawing.

New York Times Service

A Living Legend? 'O.K., If You Say So'

By Mike Zwerin
International Herald Tribune

PARIS — Link Wray's fingers were "zapped by God" in Fredericksburg, Virginia, when a fight broke out near the bandstand. Music was necessary to soothe his savage turbulence. Any music at all, only right now and loud. It might just as well have been "Dixie," but Link Wray and The Wraymen found a more appropriate bar-brawl groove, with guitar feedback burning through a menacing riff. Released in 1958 as "Rumble," the record sold 1.5 million copies and the rest, it really does say on his official bio, is "history."

If every press release from the beginning is a hype, there is no hype. Writing about rock, poetic license prevails. Obscurity is a form of renown, repeat the same licks long enough and you're a Half-of-Fame flame-keeper, one hit and you too can be history.

At the age of 8, Link Wray, "The Godfather of Grunge," aka "the guitar growler" and "one of rock's ranchest performers" was introduced to music and black culture by Hambone ("my mentor"), a circus musician in North Carolina. He learned to play the guitar and sing listening to Chet Atkins and working bars and bordellos with his brothers Doug and Vernon. When he began to experiment with fuzz-tone distortion, he found himself in Godfather Country. Rock 'n' roll guitar was never the same.

A Native American (he is one-quarter Shawnee) as "Godfather of Grunge" without Oscar-class casting. However, he seems genuinely embarrassed by all the living legend talk ("O.K., if you say so"), and anyway such counsels are generally passed on to the tribe by way of elite brigades, leaving the chief prizeless.

Flash forward to 1971. Pete Townshend, recording in New York City with The Who, pulls his plug when this thin, unassuming, bespectacled longhair walks through the door and bows to him from the waist. According to Rolling Stone magazine, drummer Keith Moon tears off his clothes and runs around whooping "Rumble rumble rumble..."

"This is the King," Townshend explains to a puzzled engineer. "Without him, I never would have picked up a guitar."

Back in the early '60s, however, Wray's tracks were not getting heavy airplay. "Rawhide" was a success of sorts, followed by a series of forgettable "Rumble" spinoffs. Something snapped when a producer tried to link him up with Mitch Miller's vocal choir and string section. Having lost a lug in Korea, Wray was

told he would never sing again. ("Rumble" was an instrumental.) He learned how to do it with one lung anyway, only to confront marketing plans to turn him into a crooner. Major record companies were always trying to get him to be something he isn't, or can't or does not want to be. One day he walked out of a sad studio date swearing he'd never make another record and disappeared. Knowing how to disappear, an instinct you cannot learn, is crucial to the image of a living legend.

He settled on a farm in Accokeek, Maryland, with an extended family and friends. After eight years of off-the-map tours leading nowhere, he surfaced with a "comeback" album called simply "Link Wray," recorded on prehistoric hardware in "Wray's Shack Three Track" studio, a wooden hut built by his father. There was no bass drum for a while, they stomped on the floor instead. A nail-filled tin can served as a surrogate cymbal. They put the speakers out in the yard and miked the window. Ecstatic reviews were poetically licensed: "the most excitingly raw rock you'll ever encounter," "primordial," "an album of massive power by one of rock's real unknown talents of the first magnitude... elements of black blues, gospel, rock, country and other forms woven into almost brutal music." Then the producer, the money and Link Wray disappeared in that order.

Wray maintains that wherever he goes he travels the "narrow road" without drugs, alcohol and Satan — the road his mother always told him to take. He leaves the fast lane to others. The narrow road does not pass through Beverly Hills or Nashville, although it did lead to short collaborations with Boz Scaggs, Fats Domino and Ricky Nelson and a guest appearance on the Ed Sullivan Show. Jeff Beck and Jimmy Page paid homage to him. In the notes accompanying "Biography," Bob Dylan credits Wray with having invented heavy metal 10 years ahead of its time.

Now 64, impressively energetic and optimistic, Wray is not exactly fading away. On the other hand, the world is not beating a path to his door. For the past 12 years he has lived in Copenhagen, releasing primordial live recordings of sporadic European concerts on the Ace label. "Rumble" is still in his repertoire: "I'll play it to the very end, God gave it to me." In March, "Indian Child," his first recording on a major label in over a decade, was released by SONY-Denmark. Wray attributes his radiance to mega-



Link Wray, Godfather of Grunge, "never cared enough about being commercial."

doses of vitamins and a happy marriage to Olive, a Danish woman (they have a 10-year-old son) who studies Aztec and Mayan civilizations and has taught him more about his ancestors than he ever learned growing up in Fort Bragg, North Carolina. But she would also like him to sell some records for a change. "She can think commercially," he said, proud of her. "I guess I never cared enough about being commercial." There were no visible signs of regret.
The reverberated "Indian Child" sounds like it is coming from a remote reservation. The voice accompanies the guitar rather than the other way around. The territory is somewhere between Roy Orbison-cum-Roy Charles, a fuzzy Mark Knopfler and rockabilly Bruce Springsteen (with whom he jammed on a Copenhagen stage in 1985). Listening to this otherworldly, no-man's-land, eccentric, passionate, Jesus-driven merge, accompanied by a Danish band called Shaky Ground, evokes that old satiric rhetorical question:

"Can a blue man play the whites?"
Last week he was in Paris commercializing in the offices of SONY-France. Wearing an Elvis Presley T-shirt, a crucifix and biker's black leather, he talked about The Devil's Music and God: "Elvis was more educated than me, he finished high school. The young Elvis, the Sid Vicious Elvis, he opened the door for people like me." The cross is for the French farmers, the Sonshians, for the little people big businessmen don't care about — for all the nobodies of the world.
"Rock 'n' roll is everywhere, like Satan and Jesus. It used to be American, now it looks like it's in Denmark too. Hey, I'm in Denmark. But I'm an outcast, like Jesus was an outcast. I'm still just trying to be me. My 10-year-old son asks me, 'Hey, Dad, does Jesus God love rock 'n' roll?' And I say, 'Son, when Satan had me in the death-house taking my lung away, God picked me up and zapped 'Rumble' into me. Sure God loves rock 'n' roll.'"

PEOPLE

Princess in Provence? Not For Now Anyway

Someone has bought Jean Van Dam's house in the south of France, but it isn't Princess Diana. Agnace Flama, the agency handling it, said it had sold the Belgian opera star's house — but "not to the princess" as Paris Match magazine had reported in its Thursday edition. The magazine said the princess paid 10 million francs (\$1.7 million) for the rambling country home near Saint-Remy-de-Provence, raising horrific visions among the locals of paparazzi and other star-gazers descending on the town square.

The film director Stanley Donen is off to the rescue. He will direct his first Broadway show, a new Jule Styne musical based on the classic 1948 ballet movie, "The Red Shoes." Donen replaces Susan Scharf, who has been dismissed by Martin Starger, the producer because of "creative differences" — a phrase that usually means a show is in trouble. Donen, 69, was co-choreographer with Gene Kelly of 1940s musicals, and in 1949 he directed and choreographed "On the Town."

Two members of the Venice Film Festival final made it into town, but not without some difficulty. Sidran Abdallah, a Bosnian screenwriter, managed to fly out of war-shattered Sarajevo to reach Venice after the gala opening. The African director Mohamed Camara, a last minute addition to the jury, was stopped by customs officials, according to the news agency ANSA, because he was traveling with a one-way ticket, from Paris, and without his official invitation.

The romance novelist Danielle Steel has gone to court to stop a biographer from using material about her son. The suit, filed in San Francisco, claims that Lorenzo Benet, a People magazine writer who is doing the biography with Vickie Bane, illegally obtained a file that was part of a 1985 custody battle between Steel and a former husband, William Toth, over Nicholas Traina, now 15. Benet says he obtained the report, legally, from Toth.

INTERNATIONAL CLASSIFIED
Appears on Page 4, 8 & 17

WEATHER

Weather forecast section including maps for Europe, North America, Asia, Africa, Middle East, and Latin America, with temperature and precipitation data for various cities.

CROSSWORD

Crossword puzzle section with clues for Across and Down, and a solution to the puzzle from Sept. 2.

Large advertisement for AT&T Access Numbers, featuring the headline "I wonder if the little guy had fun today?" and a list of international access numbers for various countries.

Vertical text on the right edge of the page, including "The Dream of" and "Robocept nee".